Idaho Economic Forecast

DIRK KEMPTHORNE, Governor **Division of Financial Management**

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- **Forecast 2004-2007**
- **The Productivity and Jobs Connection: The Long and the Short Run of It**
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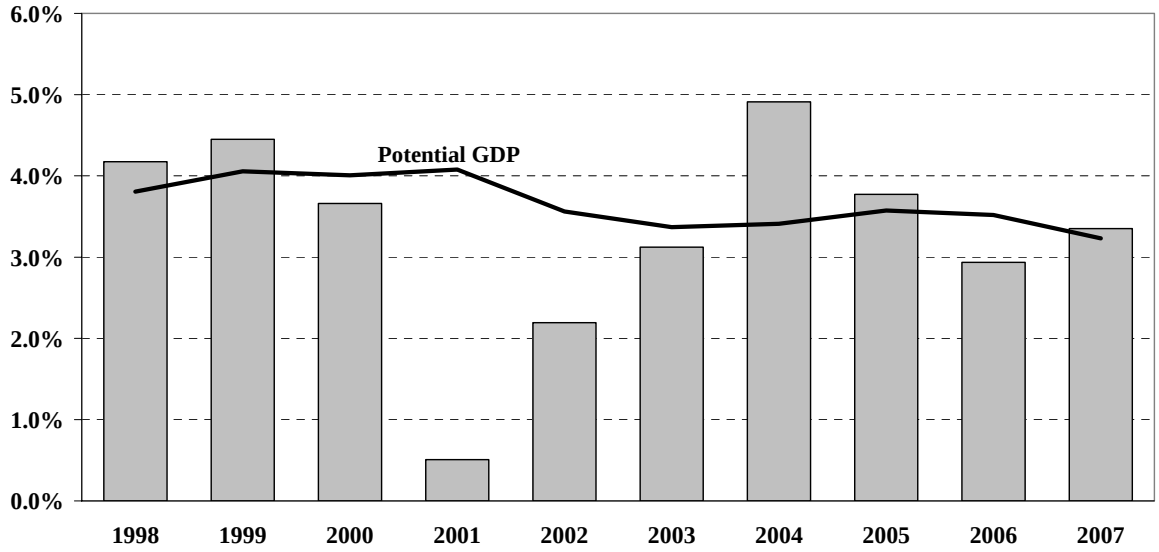
Real vs. Potential GDP Growth



Source: Global Insight

IDAHO ECONOMIC FORECAST 2004 - 2007

State of Idaho
DIRK KEMPTHORNE
Governor

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PREFACE

Idaho's economy continues to grow and evolve as it enters the 21st Century. The 1980s was a decade of stop-and-start economic performance. However, it also ushered in one of the longest expansions in the state's history. Since 1987, nonfarm employment has expanded in every year and has consistently placed Idaho among the top ten fastest growing states in the nation. The 1990s saw a flood of new residents move into the state, causing the population to expand by an astounding 29% from 1990 to 2000. Over this period Idaho personal income nearly doubled. Much of the current expansion results from ongoing structural changes in Idaho's economy.

One of the biggest changes is the rise of the state's high-technology sector. Virtually nonexistent in the 1970s, this sector achieved critical mass in the 1990s to become the state's largest manufacturing employer. The growth of industry giants, such as Micron Technology and Hewlett-Packard, as well as the emergence and expansion of smaller companies, pushed payrolls above even the most optimistic forecasts made in the 1980s. The state's trade sector has also been going through a transformation. The last decade witnessed an influx of national "big box" merchandisers. During this same time, Idaho merchants successfully reached beyond the state's borders. Several regional shopping centers were established that serve locals, as well as attract shoppers from other states and Canada. Visitors fueled the surge in tourism that also benefited trade. Like its national counterpart, the service sector accounts for most of the nonfarm jobs in Idaho. Tourism has also been a boon to the service industry. While traditional factors, such as increasing discretionary income, continue to fuel the demand for services, other influences have emerged. For example, the use of temporary employees in manufacturing has bolstered business services employment. Idaho's outstanding work force has been a major factor in attracting call centers, back office operations, and credit companies.

While many changes are taking place today, traditional resource industries still play a major role in Idaho's economy. Indeed, the state's mining, agriculture, and timber sectors all experienced lulls in the late 1990s. While displaying more resilience to downturns than in the past, these industries are not totally immune from business-cycle effects. This continuing dependence on natural resources will bring a host of challenges to Idaho.

Other factors that are external to the state's economy will also present challenges to decision makers. Public policy decisions made in Washington, D.C. affect resource industry and federal installations such as the Idaho National Engineering and Environmental Laboratory and the Mountain Home Air Force Base. Finding balanced and acceptable solutions to endangered and threatened species issues and timber supply issues are of major economic significance.

In order to deal effectively with these challenges, public and private decisions need to be made with a thorough understanding of the structure of the state's economy. It is to this end that the *Idaho Economic Forecast* is directed.

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INTRODUCTION

The national forecast presented in this publication is the June 2004 Global Insight baseline forecast of the U.S. economy. The previous *Idaho Economic Forecast* is based on the March 2004 Global Insight baseline national forecast.

The U.S. economy's recent and future performances relative to their potentials are highlighted in the cover chart. The heavy line represents the estimated potential GDP growth. This can be thought of as the economy's speed limit if it were at full employment. The bar graphs represent historical and projected GDP growth rates. The chart clearly shows that between 1999 and 2004 the economy grew much slower than its potential. It also shows this is about to change. During the four-year period encompassing 2004 to 2007, U.S. output is expected to grow faster than its theoretical ceiling. A usual consequence of real GDP breaking its speed limit is inflation. However, there appears to be enough slack capacity in the economy to prevent inflation fires from raging.

FEATURE

The United States is in the midst of a productivity boom. After slowing in the 1970s and 1980s, gains in real output per hour have soared recently. This is important because faster productivity growth leads to higher real wages and improved living standards. However, there is another view that blames strong productivity growth for the "jobless recovery." Faster productivity growth, according to this view, allows firms to increase production without increasing employment. In the article entitled "The Productivity and Jobs Connection: The Long and the Short Run of It" Carl E. Walsh illuminates the relationship productivity and jobs by distinguishing between a microeconomic and a macroeconomic perspective on productivity and between the short-run and long-run effects of changes in productivity. Dr. Walsh is a Professor at the University of California, Santa Cruz and a Visiting Scholar with the Federal Reserve Bank of San Francisco.

THE FORECAST

Alternative assumptions concerning future movements of key economic variables can lead to major variations in national and/or regional outlooks. Global Insight examines the effects of different economic scenarios, including the potential impacts of international recessions, higher inflation, and future Federal Reserve Board decisions. Alternative Idaho economic forecasts were developed under different policy and growth scenarios at the national level. These forecasts are included in this report.

Historical and forecast data for Idaho and the U.S. are presented in the tables in the middle section of this report. Detail is provided for every year from 1991 to 2007 and for every quarter from 2001 through 2007. The solution of the Idaho Economic Model (IEM) for this forecast begins with the first quarter of 2004.

Descriptions of the Global Insight U.S. Macroeconomic Model and the IEM are provided in the Appendix. Equations of the IEM and variable definitions are listed in the last pages of this publication.

CHANGES

The historical Idaho nonfarm employment data appearing in this forecast was provided by the Idaho Department of Commerce and Labor and seasonally adjusted by the Division of Financial Management. This data consists of final employment estimates through the fourth quarter of 2003 and preliminary data

for the first quarter of 2004. These new historical data show the employment forecasts made in April 2004 for the fourth quarter of 2003 and first quarter of 2004 were a bit pessimistic. Specifically, actual employment was about 2,900 higher in the last quarter of 2003 than had been anticipated and was 3,115 higher than had been projected for the first quarter of 2004.

The tables in this forecast also include the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) estimates of Idaho quarterly personal income through the fourth quarter of 2003. Unlike past revisions, this one was not routine. Instead, it was a major revision to the historical personal income data. The magnitude of these changes required the re-estimation of the Idaho Economic Model. The results of the re-estimation can be found in the Appendix of this *Forecast.* The BEA released its latest Idaho personal income estimates in late June 2004. These new data will be incorporated into the October 2004 *Idaho Economic Forecast.*

One change to the Idaho personal income data deserves to be highlighted. Traditionally, the BEA has provided an estimate of nonfarm personal income. However, this concept was dropped from the major revision. This is because it does not have the data necessary under the new definitions to make this estimate. In the past, BEA has calculated Idaho nonfarm personal income as Idaho personal income less farm proprietors' income, farm wages, and other farm labor income. Because of recent changes, other farm labor income is not useable, so BEA chose not to estimate Idaho nonfarm income at this time. It does intend to provide it in the future, however.

Idaho nonfarm personal income is an important measure of the state's economy, and its absence would be noticed. Because of this, DFM has estimated Idaho nonfarm income using the BEA data. Specifically, we subtracted Idaho farm proprietors' income and farm wages from total personal income. Our estimate did not consider Idaho other farm labor income, because it is not available. However, we believe its exclusion is not critical because this component is small relative to the other components. When official BEA estimates of Idaho nonfarm data become available, they will be incorporated into the *Forecast*.

The *Idaho Economic Forecast* is available on the Internet at http://www.state.id.us/dfm/econ_pub.html. Readers with any questions should contact Derek Santos at (208) 334-3900 or at dsantos@dfm.state.id.us.

SUBSCRIPTIONS

You can access the *Idaho Economic Forecast* for free at http://www.state.id.us/dfm/econ_pub.html.

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EXECUTIVE SUMMARY

Last year was a transitional period for the Idaho economy. After stalling in 2002, the Gem state's economy began showing signs of recovery in 2003. In 2002, Idaho nonfarm employment grew by just two jobs. Like its U.S. counterpart, the state took tentative steps toward recovery during the first half of 2003. Nonfarm employment showed promise early that year by increasing at a 1.8% annual rate in the first quarter. Unfortunately, this was followed by a 2.7% employment loss in the second quarter. However, this setback proved temporary. Idaho nonfarm employment advanced 1.0% in the third quarter of 2003 and 2.3% in the fourth quarter. The momentum displayed in the latter half of 2003 is expected to lift Idaho's economy to a higher and more solid footing over the forecast period. For example, Idaho nonfarm employment is expected to grow 1.6% in 2004. While this is slower growth than was experienced in the 1990s, it is twice as fast as the 2003's growth rate of 0.8%. Another feature of employment growth is it accelerates over time. Specifically, it advances 1.7% in 2005, 2.1% in 2006, and 2.2% in 2007. Looked at another way, Idaho is expected to enjoy a net job gain of nearly 45,000 from 2003 to 2007. Idaho real personal income expands 3.5% in 2004, 3.3% in 2005, 3.9% in 2006, and 3.5% in 2007. It should also be pointed out that this job outlook is an improvement to the one reported in the previous *Idaho Economic Forecast*. In April 2004, it was projected Idaho nonfarm employment growth would average 1.8% annually. In the July 2004 *Forecast* it averages 1.9% per year. As a result, Idaho nonfarm employment is about 4,000 higher in 2007 compared to the previous forecast. The outlook for Idaho personal income has also improved. Compared to the previous forecast, Idaho real personal income is $365 million higher in 2004, $322 million higher in 2005, $221 million higher in 2006, and $97 million higher in 2007.

It appears the national economy has successfully transitioned from policy-supported growth to self-sustaining growth. Stimulative monetary and fiscal policies kept the recovery moving ahead despite the lackluster job market. Well-timed tax cuts put money in consumers' hands and kept spending from retreating. As a result, the consumer sector kept the economy afloat. Record low interest rates also helped. The Federal Reserve lowered its federal funds rate to 1.0% in order to keep the economy from sinking. Other interest rates followed suit. Mortgage interest rates also dropped to a generational low, and the housing market boomed as a result. Despite this growth, inflation remained tame. One of the reasons price increases remained subdued was because of the weak labor market. During the "jobless recovery" there was little inflationary pressure from wages. One of the concerns about the "jobless recovery" was that policy makers were quickly running out of options. The hope was that U.S. job creation would kick into higher gear. The robust job growth would increase income. The stronger income growth would be an important component in the engine propelling future growth. The outlooks for several factors suggest the economy is back in a self-sustained growth mode. Over the forecast period U.S. nonfarm employment is projected to grow 1.2% in 2004, 2.1% in 2005, 1.4% in 2006, and 1.1% in 2007. The last year the number of U.S. jobs increased was in 2000. The U.S. economy is projected to expand over the forecast period. Specifically, U.S. real GDP is anticipated to increase 4.9% this year, 3.8% next year, 2.9% in 2006, and 3.4% in 2007. National real personal income should grow 3.4% this year, 3.8% next year, 3.6% in 2006, and 3.5% in 2007.

IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JULY 2004

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP (BILLIONS)											
Current $	8,304	8,747	9,268	9,817	10,101	10,481	10,988	11,766	12,426	12,989	13,687
% Ch	*6.2%*	*5.3%*	*6.0%*	*5.9%*	*2.9%*	*3.8%*	*4.8%*	*7.1%*	*5.6%*	*4.5%*	*5.4%*
2000 Chain-Weighted	8,704	9,067	9,470	9,817	9,867	10,083	10,398	10,909	11,320	11,652	12,043
% Ch	*4.5%*	*4.2%*	*4.5%*	*3.7%*	*0.5%*	*2.2%*	*3.1%*	*4.9%*	*3.8%*	*2.9%*	*3.4%*
PERSONAL INCOME - CURR $											
Idaho (Millions)	25,367	27,287	29,068	31,290	32,963	34,217	35,403	37,448	39,342	41,539	43,907
% Ch	*4.1%*	*7.6%*	*6.5%*	*7.6%*	*5.3%*	*3.8%*	*3.5%*	*5.8%*	*5.1%*	*5.6%*	*5.7%*
Idaho Nonfarm (Millions)	24,628	26,371	28,075	30,474	31,968	33,130	34,344	36,278	38,189	40,270	42,662
% Ch	*5.0%*	*7.1%*	*6.5%*	*8.5%*	*4.9%*	*3.6%*	*3.7%*	*5.6%*	*5.3%*	*5.4%*	*5.9%*
U.S. (Billions)	6,915	7,423	7,802	8,430	8,713	8,910	9,208	9,733	10,273	10,809	11,425
% Ch	*6.1%*	*7.3%*	*5.1%*	*8.0%*	*3.4%*	*2.3%*	*3.3%*	*5.7%*	*5.6%*	*5.2%*	*5.7%*
PERSONAL INCOME - 2000 $											
Idaho (Millions)	26,666	28,429	29,788	31,289	32,303	33,081	33,611	34,780	35,942	37,360	38,654
% Ch	*2.4%*	*6.6%*	*4.8%*	*5.0%*	*3.2%*	*2.4%*	*1.6%*	*3.5%*	*3.3%*	*3.9%*	*3.5%*
Idaho Nonfarm (Millions)	25,890	27,475	28,770	30,473	31,328	32,031	32,607	33,693	34,888	36,218	37,558
% Ch	*3.3%*	*6.1%*	*4.7%*	*5.9%*	*2.8%*	*2.2%*	*1.8%*	*3.3%*	*3.5%*	*3.8%*	*3.7%*
U.S. (Billions)	7,269	7,734	7,996	8,429	8,539	8,615	8,742	9,040	9,385	9,722	10,059
% Ch	*4.3%*	*6.4%*	*3.4%*	*5.4%*	*1.3%*	*0.9%*	*1.5%*	*3.4%*	*3.8%*	*3.6%*	*3.5%*
HOUSING STARTS											
Idaho	8,863	10,112	10,341	11,522	12,237	13,178	16,333	15,810	15,092	14,583	13,777
% Ch	*-3.9%*	*14.1%*	*2.3%*	*11.4%*	*6.2%*	*7.7%*	*23.9%*	*-3.2%*	*-4.5%*	*-3.4%*	*-5.5%*
U.S. (Millions)	1.475	1.621	1.647	1.573	1.601	1.710	1.853	1.895	1.692	1.634	1.651
% Ch	*0.4%*	*9.9%*	*1.6%*	*-4.5%*	*1.8%*	*6.8%*	*8.3%*	*2.3%*	*-10.7%*	*-3.4%*	*1.0%*
TOTAL NONFARM EMPLOYMENT											
Idaho	507,423	520,477	538,095	558,539	567,975	567,977	572,556	581,463	591,493	603,784	617,212
% Ch	*3.4%*	*2.6%*	*3.4%*	*3.8%*	*1.7%*	*0.0%*	*0.8%*	*1.6%*	*1.7%*	*2.1%*	*2.2%*
U.S. (Thousands)	122,767	125,924	128,992	131,791	131,837	130,343	129,937	131,492	134,195	136,040	137,580
% Ch	*2.6%*	*2.6%*	*2.4%*	*2.2%*	*0.0%*	*-1.1%*	*-0.3%*	*1.2%*	*2.1%*	*1.4%*	*1.1%*
SELECTED INTEREST RATES											
Federal Funds	*5.5%*	*5.4%*	*5.0%*	*6.2%*	*3.9%*	*1.7%*	*1.1%*	*1.3%*	*2.8%*	*3.5%*	*3.5%*
Bank Prime	*8.4%*	*8.4%*	*8.0%*	*9.2%*	*6.9%*	*4.7%*	*4.1%*	*4.3%*	*5.8%*	*6.5%*	*6.5%*
Existing Home Mortgage	*7.7%*	*7.1%*	*7.3%*	*8.0%*	*7.0%*	*6.5%*	*5.7%*	*6.1%*	*6.8%*	*6.8%*	*6.8%*
INFLATION											
GDP Price Deflator	*1.7%*	*1.1%*	*1.4%*	*2.2%*	*2.4%*	*1.5%*	*1.7%*	*2.1%*	*1.8%*	*1.6%*	*2.0%*
Personal Cons Deflator	*1.7%*	*0.9%*	*1.7%*	*2.5%*	*2.0%*	*1.4%*	*1.8%*	*2.2%*	*1.7%*	*1.6%*	*2.2%*
Consumer Price Index	*2.3%*	*1.5%*	*2.2%*	*3.4%*	*2.8%*	*1.6%*	*2.3%*	*2.7%*	*1.6%*	*1.3%*	*1.9%*

National Variables Forecast by GLOBAL INSIGHT
Forecast Begins the FIRST Quarter of 2004

IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JULY 2004

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP (BILLIONS)												
Current $	11,460	11,671	11,875	12,060	12,227	12,372	12,491	12,613	12,757	12,897	13,064	13,239
% Ch	*7.2%*	*7.6%*	*7.2%*	*6.4%*	*5.7%*	*4.8%*	*3.9%*	*3.9%*	*4.7%*	*4.5%*	*5.3%*	*5.5%*
2000 Chain-Weighted	10,716	10,842	10,974	11,102	11,205	11,291	11,357	11,427	11,511	11,595	11,699	11,804
% Ch	*4.4%*	*4.8%*	*5.0%*	*4.8%*	*3.8%*	*3.1%*	*2.4%*	*2.5%*	*3.0%*	*3.0%*	*3.6%*	*3.6%*
PERSONAL INCOME - CURR $												
Idaho (Millions)	36,640	37,276	37,691	38,184	38,684	39,097	39,553	40,034	40,641	41,264	41,839	42,413
% Ch	*4.3%*	*7.1%*	*4.5%*	*5.3%*	*5.3%*	*4.3%*	*4.7%*	*5.0%*	*6.2%*	*6.3%*	*5.7%*	*5.6%*
Idaho Nonfarm (Millions)	35,441	36,027	36,555	37,088	37,558	37,963	38,386	38,849	39,356	39,982	40,583	41,159
% Ch	*5.3%*	*6.8%*	*6.0%*	*6.0%*	*5.2%*	*4.4%*	*4.5%*	*4.9%*	*5.3%*	*6.5%*	*6.2%*	*5.8%*
U.S. (Billions)	9,518	9,664	9,804	9,946	10,096	10,218	10,330	10,449	10,586	10,730	10,885	11,035
% Ch	*6.0%*	*6.3%*	*5.9%*	*5.9%*	*6.2%*	*5.0%*	*4.4%*	*4.7%*	*5.4%*	*5.5%*	*5.9%*	*5.6%*
PERSONAL INCOME - 2000 $												
Idaho (Millions)	34,383	34,685	34,858	35,195	35,539	35,776	36,064	36,388	36,802	37,217	37,553	37,868
% Ch	*1.3%*	*3.6%*	*2.0%*	*3.9%*	*4.0%*	*2.7%*	*3.3%*	*3.6%*	*4.6%*	*4.6%*	*3.7%*	*3.4%*
Idaho Nonfarm (Millions)	33,258	33,523	33,807	34,185	34,505	34,738	35,000	35,311	35,639	36,061	36,426	36,748
% Ch	*2.2%*	*3.2%*	*3.4%*	*4.5%*	*3.8%*	*2.7%*	*3.1%*	*3.6%*	*3.8%*	*4.8%*	*4.1%*	*3.6%*
U.S. (Billions)	8,932	8,993	9,067	9,167	9,275	9,350	9,419	9,497	9,586	9,677	9,770	9,853
% Ch	*2.9%*	*2.8%*	*3.3%*	*4.5%*	*4.8%*	*3.3%*	*3.0%*	*3.4%*	*3.8%*	*3.9%*	*3.9%*	*3.4%*
HOUSING STARTS												
Idaho	16,461	16,070	15,397	15,312	15,362	15,084	15,099	14,825	14,661	14,682	14,591	14,398
% Ch	*-31.5%*	*-9.2%*	*-15.7%*	*-2.2%*	*1.3%*	*-7.1%*	*0.4%*	*-7.1%*	*-4.3%*	*0.6%*	*-2.4%*	*-5.2%*
U.S. (Millions)	1.947	1.972	1.856	1.804	1.749	1.697	1.669	1.655	1.644	1.632	1.629	1.632
% Ch	*-16.2%*	*5.3%*	*-21.5%*	*-10.8%*	*-11.6%*	*-11.3%*	*-6.5%*	*-3.2%*	*-2.8%*	*-2.7%*	*-0.7%*	*0.6%*
TOTAL NONFARM EMPLOYMENT												
Idaho	577,961	580,053	582,517	585,323	587,934	590,149	592,572	595,319	598,434	602,060	605,618	609,025
% Ch	*2.3%*	*1.5%*	*1.7%*	*1.9%*	*1.8%*	*1.5%*	*1.7%*	*1.9%*	*2.1%*	*2.4%*	*2.4%*	*2.3%*
U.S. (Thousands)	130,367	131,216	131,863	132,521	133,226	134,015	134,560	134,978	135,407	135,795	136,267	136,690
% Ch	*1.1%*	*2.6%*	*2.0%*	*2.0%*	*2.1%*	*2.4%*	*1.6%*	*1.2%*	*1.3%*	*1.2%*	*1.4%*	*1.2%*
SELECTED INTEREST RATES												
Federal Funds	*1.0%*	*1.0%*	*1.4%*	*1.7%*	*2.2%*	*2.6%*	*3.0%*	*3.4%*	*3.5%*	*3.5%*	*3.5%*	*3.5%*
Bank Prime	*4.0%*	*4.0%*	*4.4%*	*4.7%*	*5.2%*	*5.6%*	*6.0%*	*6.4%*	*6.5%*	*6.5%*	*6.5%*	*6.5%*
Existing Home Mortgage	*5.6%*	*5.8%*	*6.4%*	*6.5%*	*6.6%*	*6.8%*	*6.9%*	*7.0%*	*6.9%*	*6.9%*	*6.8%*	*6.8%*
INFLATION												
GDP Price Deflator	*2.6%*	*2.6%*	*2.1%*	*1.6%*	*1.8%*	*1.7%*	*1.5%*	*1.4%*	*1.6%*	*1.5%*	*1.6%*	*1.8%*
Personal Cons Deflator	*3.0%*	*3.4%*	*2.5%*	*1.4%*	*1.3%*	*1.6%*	*1.4%*	*1.3%*	*1.5%*	*1.6%*	*2.0%*	*2.1%*
Consumer Price Index	*3.6%*	*4.8%*	*2.6%*	*1.1%*	*1.1%*	*1.5%*	*1.2%*	*1.0%*	*1.2%*	*1.3%*	*1.7%*	*1.9%*

National Variables Forecast by GLOBAL INSIGHT
Forecast Begins the FIRST Quarter of 2004

NATIONAL FORECAST DESCRIPTION

The Forecast Period is the First Quarter of 2004 through the Fourth Quarter of 2007

It appears the national economy has successfully transitioned from policy-supported growth to self-sustaining growth. Stimulative monetary and fiscal policies kept the recovery moving ahead despite the lackluster job market. Well-timed tax cuts put money in consumers' hands and kept spending from retreating. As a result, the consumer sector kept the economy afloat. Record low interest rates also helped. The Federal Reserve lowered its federal funds rate to 1.0% in order to keep the economy from sinking. Other interest rates followed suit. Mortgage interest rates also dropped to a generational low, and the housing market boomed as a result. Despite this growth, inflation remained tame. One of the reasons price increases remained subdued was because of the weak labor market. During the "jobless recovery" there was little inflationary pressure from wages.

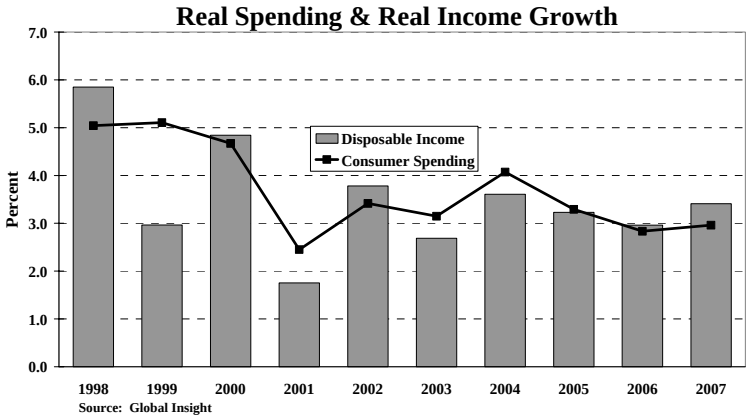
One of the concerns about the "jobless recovery" was policy makers were quickly running out of options. The return of federal budget deficits suggested further tax relief would be improbable. The Federal Reserve, whose job it is to walk the razor's edge between growth and inflation, found itself running out of razor. With the federal funds rate already at 1.0% and fears of deflation rising, it was not likely it could drop rates much further. In fact, in a lesson learned from the Japanese central bank, even 0% short-term interest rates cannot guarantee growth. The hope was that U.S. job creation would kick into higher gear. The robust job growth would increase income. The stronger income growth would be an important component in the engine propelling future growth.

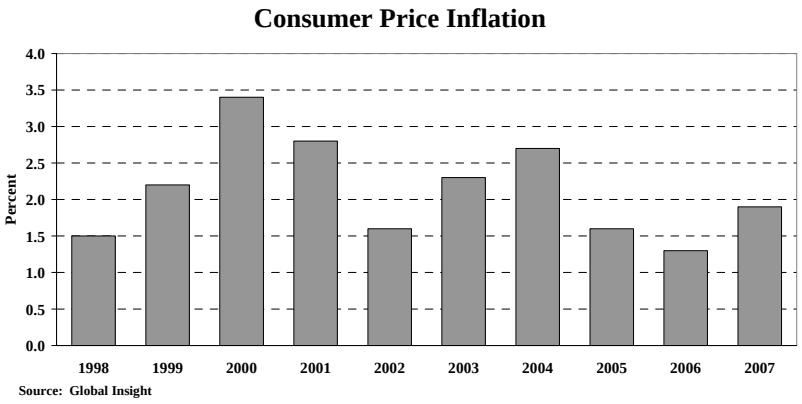
Unfortunately, the trip to a self-sustaining recovery had its share of false starts. As was mentioned above, a key ingredient to being self-sustaining is jobs. Last winter it appeared strong employment growth had finally returned. This recovery proved to be short-lived; the economy failed to post significant jobs gains after the initial increase. Fortunately, this seems to have been fixed. In the spring of 2004, the U.S. economy started creating jobs at a pace that caught most economists by surprise. According to the U.S. Department of Labor, the number of U.S. nonfarm jobs grew by 353,000 from February of 2004 to March of 2004. This increase was greater than that of the previous four months combined. March's strong showing was followed by a healthy 324,000 increase in April and a strong 235,000 increase in May. In June, the economy produced 112,000 jobs. The long-awaited job recovery seems to have commenced.

The outlooks for several factors suggest the economy is back in a self-sustained growth mode. Over the forecast period U.S. nonfarm employment is projected to grow 1.2% in 2004, 2.1% in 2005, 1.4% in 2006, and 1.1% in 2007. The last year the number of U.S. jobs increased was in 2000. The U.S. economy is projected to expand over the forecast period. Specifically, U.S. real GDP is anticipated to increase 4.9% this year, 3.8% next year, 2.9% in 2006, and 3.4% in 2007. National real personal income should grow 3.4% this year, 3.8% next year, 3.6% in 2006, and 3.5% in 2007.

SELECTED NATIONAL ECONOMIC INDICATORS

Consumer Spending: A major concern has been whether rising energy prices would derail consumer spending. This is not idle hand wringing because consumer spending has been a reliable engine of growth during the expansion. The good news is that consumer spending seems to have deflected rising energy prices. Consumer spending has been vigorous, expanding at a 3.9% annual rate in this year's first quarter. This growth reflects the strong showing of several sectors, including computers, software, apparel, restaurant meals, domestic services, and intercity travel, which all enjoyed double-digit real growth. This strong showing reflects the positive influence of rising household wealth, tax cuts, low interest rates, and job growth. Early indicators show spending has remained robust in the second quarter and should match the first quarter's pace. For example, light vehicle sales soared from a 16.3 million-unit rate in the first quarter to a 17.8 million-unit rate in May. U.S. airlines reported a 10.8% year-over-year rise in revenue passenger miles during the January-April period, with domestic travel rising 8.8% and international travel increasing 16.8%. This not to say energy prices will not have any impact. There is no way a 12.7% increase in 2003 and an expected 9.9% increase this year will not be felt. However, it will not be devastating to consumer markets. Higher energy prices cost consumers $42 billion last year and will drain an additional $38 billion from their pocket books this year. Most of this year's increase reflects rising gasoline prices. Despite this increase, real consumer spending growth is expected to accelerate from 3.1% in 2003 to 4.1% in 2004. Part of the reason for this is energy is a relatively small part of consumer spending. This year energy spending will account for 5.1% of spending. While this is slightly up from a low of 4.5% in 2002, it is well below its 9.2% share of spending in 1981. The marginal impact of rising energy prices can also be illustrated with gasoline prices. It is estimated rising gasoline prices will cost the average American household an additional $330 in 2004. This amount is a small compared to the average U.S. household income of $82,000. While rising energy prices have received most of the attention, there are other factors, such as steady disposable income growth and improved household balance sheets that point to continued consumer spending growth. Real consumer spending is forecast to rise 4.1% in 2004, 3.3% in 2005, 2.8% in 2006, and 3.0% in 2007. Real disposable income should advance 3.6% this year, 3.2% next year, 3.0% in 2006, and 3.4% in 2007. Because disposable income rises faster than spending in the latter years of the forecast, the personal savings rate improves from 1.8% in 2004 to 2.4% in 2007. Other signs of improving personal finances include the falling rate of personal bankruptcies, lower credit card delinquencies, and rising real net worth.

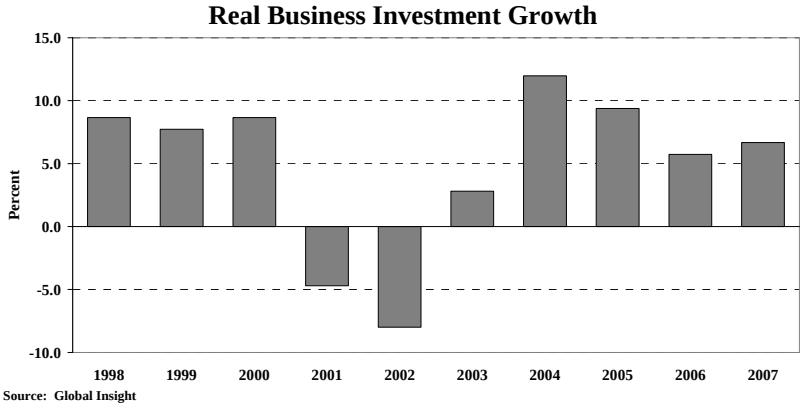




Inflation: The recent jumps in gasoline prices have revived unpleasant memories of runaway inflation. Up until the early 1970s, the price of gasoline had been relatively stable. The first oil embargo put an end to that era. Beginning in early 1973, gasoline prices began to accelerate noticeably. They continued to accelerate so that by the second quarter of 1974 the price of gasoline was nearly 42% higher on a year-over-year basis. The

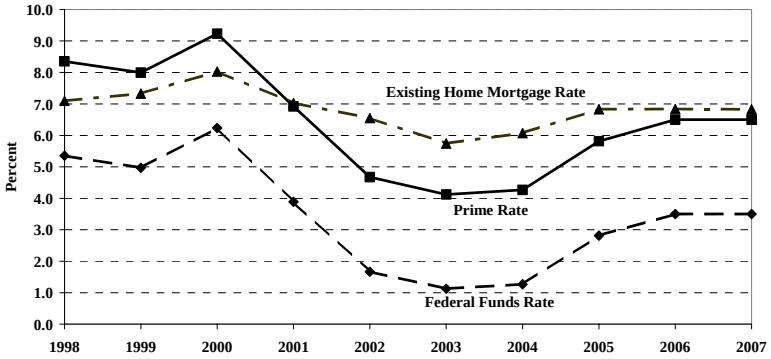
cumulative impact of these increases was the price of gasoline at the end of 1974 was nearly 50% higher than at the end of 1972. Gasoline prices accelerated again beginning in late 1978 due to the Iranian oil embargo. After a protracted run of increases, the price of gasoline in the first quarter of 1980 was 64% higher than its previous year's level. Gasoline prices surged again beginning in late 1990 on fears Iraq's invasion of Kuwait would disrupt oil supplies. What these three episodes have in common is the surges in gasoline prices were accompanied by increase in overall inflation. In each case, the increase in overall inflation led the Federal Reserve to begin tightening and this caused the U.S. economy to slip into a recession. Perhaps the most famous example of this was the actions taken by the "Volcker Fed" and their aftermath. In the late 1970s, an ailing U.S. economy was pummeled by a series of oil increases that caused overall inflation to soar at 16.7% annual rate in early 1980. The federal funds rate climbed as high as 15% during this time, as the nation's central bank wrestled the combination of runaway inflation and slow economic growth known as stagflation. Unfortunately, things would get worse before they got better. The federal funds rate increased to a high of nearly 18% in early 1981 as the battle to extinguish inflation continued. Given the past association between rising gasoline prices and economic hardships, one can understand why the current round of increases revived painful memories. The good news is the links in the chain connecting gasoline price to a recession may be broken. There are a couple of reasons for this conclusion. First, energy is not as big a part of the economy as it used to be. Specifically, the U.S. economy is 50% more energy efficient than it was in 1981 and twice as efficient as it was in 1974. Second, believe it or not, the recent rise in energy prices does not come close to previous price run-ups. For example, although the price of oil has increased 45% recently, this is small compared to the nearly 100% increase in 1981. It should be added that energy prices seem to be near their peak, so they should be headed down in the near future. The inflation outlook rests not with energy prices, but with how quickly the gap between U.S. actual and potential output closes. This forecast assumes this gap will be bridged slowly, so inflation will remain moderate. Specifically, consumer inflation, as measured by the CPI, is anticipated to be 2.7% in 2004, 1.6% in 2005, 1.3% in 2006, and 1.9% in 2007.

Business Investment: Strong fundamentals suggest real business investment will expand over the forecast period. This is a welcome change from recent years where business investment sank under the weight of its collapsing equipment component. Real spending on equipment and software declined for seven straight quarters beginning with the fourth quarter of 2000. The crash of high technology is frequently cited as playing a major role in the plunge of investment spending. However, a look at GDP's share of investment does not support this accusation. From a peak of 12.6% of GDP in the fourth quarter of 2000, the share of total investment shrank to 10.0% early last year. The high-tech portion of that 2.6 percentage point decline was less than one-third, leaving low-tech equipment and structures accounting for more than two-thirds of the drop. While it is true technology was shrinking faster than the rest of investment from the end of 2000 through the third quarter of 2001, after 2002, technology goods mirrored the economy and then raced ahead of it. The "investment problem" is that old-line, low-tech investment continued to lose ground until recently. Real investment on equipment and software shifted into high gear in the second half of last year. It has continued expanding since then, and it should continue expanding through most of the forecast period. Positive factors for this sector include a huge increase in non-defense capital goods in March. Business confidence has improved from doom and gloom to sunny days. Businesses have begun to hire again, and they will need to provide new workers with the equipment to perform their



jobs. Businesses can no longer restrain capital outlays and still get the kind of returns they had been generating recently. It is worth pointing out a major anomaly will distort the timing of spending this year and next. Accelerated depreciation is set to expire this year. As such, business investment growth rates will be inflated during the second half of this year as businesses attempt to beat this important deadline. This should lead to a decline in spending during the first quarter of next year. Total real business spending is expected to increase 12.0% this year, 9.4% next year, 5.7% in 2006, and 6.7% in 2007. Real investment on equipment and software is expected to grow slightly faster than business investment. Specifically, real spending on equipment and software is anticipated to rise 14.0% in 2004, 9.0% in 2005, 6.5% in 2006, and 7.3% in 2007.

Selected Interest Rates

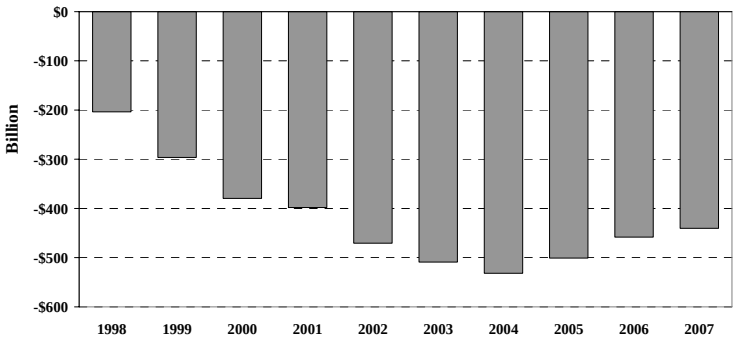


Source: Global Insight

Financial: To no one's surprise the Federal Reserve increased its bellwether federal funds rate 25 basis points on June 30, 2004. This move was widely anticipated because members of the Federal Open Market Committee have been hinting for some time their next move would be to raise rates. This increase finally became feasible thanks to the improved labor market and diminished risks of deflation. What is unusual about the move is that it came in a presidential election year. Traditionally, the Federal Reserve rarely makes policy moves in an election year. However, circumstances during this round of increases are hardly normal. First, the Federal Reserve has been in a stimulus mode for four years, which is unusually long. Second, the federal funds rate was 1.0%, its lowest level since the 1950s, for over a year prior to the increase. Third, the increase was just 25 basis points, which is hardly earth shattering. Fourth, the Federal Reserve has been broadcasting the increase for several months, so other interest rates already reflected the higher federal funds rate even before the Federal Reserve made its move. Since the question of when the Federal Reserve will begin raising rates has been answered, the question of how it will raise rates has moved to the forefront. Fortunately, we are not completely in the dark about the central bank's methods. The Federal Reserve has mentioned it will take measured steps to fight inflation. This has been interpreted to mean any increases will be gradual. Indeed, this forecast assumes the Federal Reserve will raise its federal funds rate slowly to 2.0% by year's end. It is expected to be 3.5% by the end of 2005. Admittedly, this may be a bit on the low side. Financial markets are betting the federal funds rate will be in the 3.75%-4.00% range at the end of next year. The forecast for the federal funds rate and several other key interest rates are included in the accompanying chart.

International: The outlook for the international economy is bright. Not only does 2004 promise to enjoy the strongest global economic growth since 1988, but there is also sufficient spare capacity worldwide for the expansion to average just over a 3.0% annual pace after this year. Recent news from the Eurozone has been pleasantly surprising. First quarter GDP growth came in at a 2.3% annualized rate—its best showing since the first quarter of 2001. Growth was primarily generated by net exports, rather than

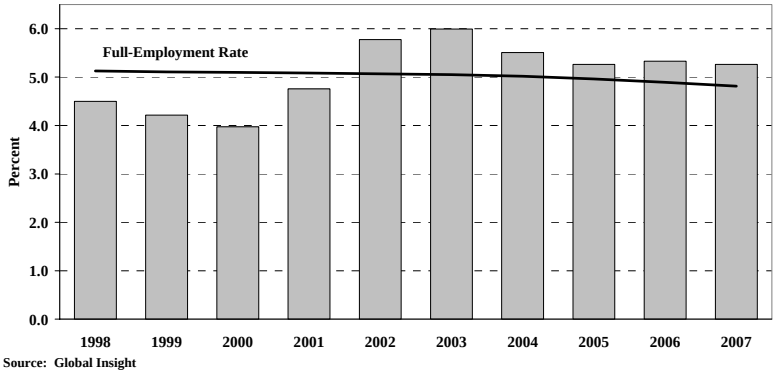
Real U.S. Trade Deficit



Source: Global Insight

domestic demand, but consumption did grow faster than expected, calming fears that consumer spending had hit a wall. Asia should have a banner year in 2004. Japan should post strong growth this year. After being in a seemingly terminal recession, Japan's real GDP advanced at a 6.1% annual pace in the first quarter this year, and it should experience more than 4.0% growth for the entire year. As in the past, Asia's growth engine will be China. Latin America is also improving. Mexico's GDP grew at a 3.6% annual pace in this year's first quarter. Latin America's economy excluding Mexico should grow by more than 4.0% this year—its strongest showing since 1997. Although the international picture is fairly rosy, it is not without risks. For example, the United States and China account for a disproportionately large share of the global expansion. The concern is these two growth engines may slow down with no other drivers to take over. Another potential risk to the expansion is rising oil prices. Higher oil prices add to inflation and drain the purchasing power of oil-consuming nations. An oil price sustained at around $40 per barrel would dampen the expansion, but it would not derail it. Unfortunately, the U.S. trade deficit is not expected to improve quite as quickly as the global economy. The trade deficit hit a record $48.3 billion this April. The prospect of quicker U.S. interest rate increases should give the currency some support, but the widening trade gap implies the dollar must fall further to encourage exports and discourage imports. The current forecast assumes the dollar will continue to fall through the forecast period. The real net export deficit is expected to peak this year at $532 billion, and then recede to $441 billion in 2007.

U.S. Civilian Unemployment Rate

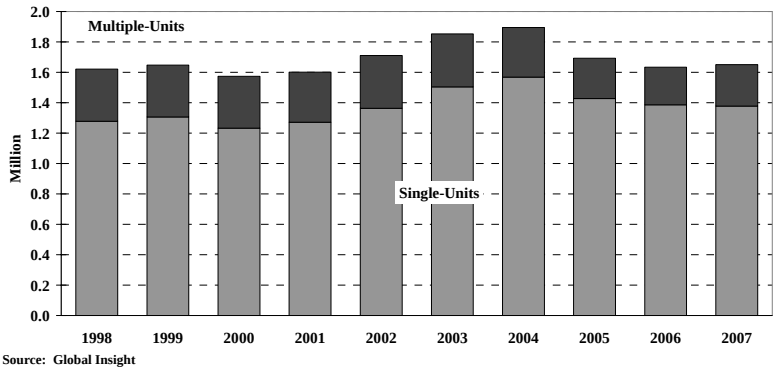


Source: Global Insight

Employment: It appears that after a few misfires the long-awaited U.S. job recovery has commenced. With a hat trick of solid monthly job growth beginning in March 2004, the last part of the recovery appears in place. According to the U.S. Department of Labor, the number of nonfarm jobs grew by 353,000 from February of 2004 to March of 2004. This increase was greater than that of the previous four months combined. March's strong showing was followed by a healthy 324,000 increase in April and a strong 235,000 increase in May. In June, the economy produced 112,000 jobs. While this was lower than in previous months, it was a move in the right direction. All told, there are 1.3 million more nonfarm jobs in June 2004 than there were at the end of last year. The growth since February marks another important milestone: the return of manufacturing jobs. Like other sectors, the manufacturing sector has shed jobs recently. However, the manufacturing sector's losses have been particularly devastating. For example, this sector has lost about one out of five jobs from March 1998 to January 2004. In comparison, the U.S. economy shed about one out of 50 jobs over about a two-year period. Despite the recent job gains, the unemployment rate has remained at 5.6% this entire year. This is not unexpected. When the job situation starts to improve, previously discouraged workers reenter the labor force. Thus, even though the number of people employed is rising, so is the labor force. The unemployment rate, which is simply the number of people in the labor force without jobs divided by the labor force, will not decline until the number of people finding jobs grows faster than the labor force expands. The unemployment rate is expected to begin falling gradually beginning the second half of this year. Specifically, the U.S. civilian unemployment rate should be 5.4% by year's end and 5.3% by the end of 2007. Despite this improvement, the economy is not expected to achieve its full-employment rate over the forecast period. The last time the labor force was at full employment was in late 2001. The number of U.S. nonfarm jobs should rise 1.2% in 2004, 2.1% in 2005, 1.4% in 2006, and 1.1% in 2007.

Housing: Housing turned in a solid but unspectacular month in April. While it failed to be another record month, it stayed within 5% of the peak levels of the housing boom on several fronts. Existing home sales fell short of last September's peak by 40,000 or just 0.5%. Total housing units authorized missed their October 2004 peak by a mere 0.8%. April housing starts were 1.969 million units, which was nearly 5.0% below last December's record showing. A major concern is how rising interest rates will affect the housing sector. After hitting a low in March 2004, the 10-year note yield had risen by 100 basis points by April 2004, and mortgage interest rates have matched this increase. The 30-year mortgage interest rate has risen from 5.38% in mid May to 6.21% in early July. This increase did cause a serious disruption to the housing market. The Mortgage Bankers Association index of conventional financing purchase applications suggests activity remained strong through early June. The National Association of Homebuilders' Market Index held steady at a robust 69 in May, with buyer traffic at a 13-month high. While some of this health may be the result of fence sitters jumping into the housing market before rates rise further, the market is also being buoyed by stronger job and income growth. Due in large part to these latter factors, the housing expansion is anticipated to end with a whimper instead of a bust. This year is expected to be stronger than 2003, but the housing sector should taper off thereafter. Specifically, after hitting 1.90 million units in 2004, the total number of housing units should slide to 1.69 million units next year, 1.63 million units in 2006, and 1.65 million units in 2007.

U.S. Housing Starts



Source: Global Insight

IDAHO FORECAST DESCRIPTION

The Forecast Period is the First Quarter of 2004 through the Fourth Quarter of 2007

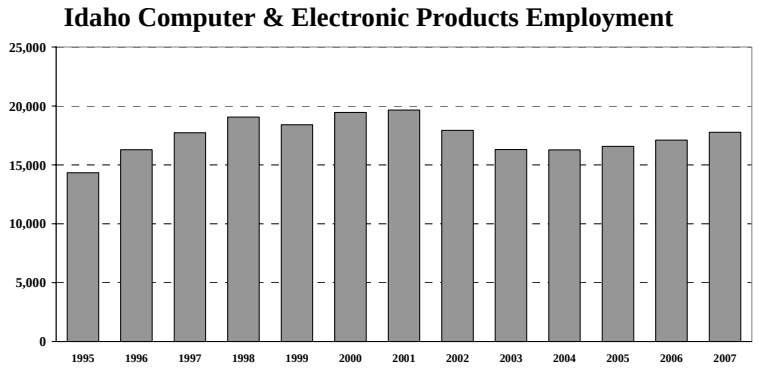
Last year was a transitional period for the Idaho economy. After stalling in 2002, the Gem state's economy began showing signs of recovery in 2003. The Idaho economy bottomed out in 2002. Two aggregate measures illustrate how challenged Idaho's economy was in 2002. In that year, there was a net gain of just two nonfarm jobs. Idaho real income eked out just 1.6% growth in that same year, which was its weakest showing in over a decade. Like its U.S. counterpart, the state took tentative steps toward recovery during the first half of 2003. Nonfarm employment showed promise early that year by increasing at a 1.8% annual rate in the first quarter. Unfortunately, this was followed by a 2.7% employment loss in the second quarter. However, this setback proved temporary. Idaho nonfarm employment advanced 1.0% in the third quarter of 2003 and 2.3% in the fourth quarter. This strong showing in the second half of the year made up for the losses suffered in the second quarter. There were approximately 700 more jobs at the end of the year than there were at its beginning. On an annual basis, Idaho nonfarm employment grew 0.8% in 2003.

Idaho personal income performance in 2002 and 2003 is complex compared to employment. Idaho nominal income advanced 3.8% in 2002, which was slightly higher than 2003's 3.5% growth. The stronger showing in 2002 resulted from a robust farm sector. For example, Idaho farm proprietors' income jumped 11.1% that year to just over $700 million—its highest level since 1993. In comparison, farm proprietors' income shrank to $657 million in 2003. Because the farm sector's contributions to income tend to be volatile, it is useful to look at personal income without farm income. A comparison of Idaho nonfarm income in 2002 and 2003 show both grew at about the same pace. Interestingly, on an inflation-adjusted basis, nonfarm income actually grew slightly faster in 2002 (2.2%) than in 2003 (1.8%).

The momentum displayed in the latter half of 2003 is expected to lift the economy to a higher and more solid footing over the forecast period. For example, Idaho nonfarm employment is expected to grow 1.6% in 2004. While this is slower growth than was experienced in the 1990s, it is twice as fast as the 2003's growth rate of 0.8%. Another feature of employment growth is it accelerates over time. Specifically, it advances 1.7% in 2005, 2.1% in 2006, and 2.2% in 2007. Looked at another way, Idaho is expected to enjoy a net job gain of nearly 45,000 from 2003 to 2007. Idaho real personal income expands 3.5% in 2004, 3.3% in 2005, 3.9% in 2006, and 3.5% in 2007.

It should also be pointed out that this job outlook is an improvement to the one reported in the previous *Idaho Economic Forecast*. In April 2004, it was projected Idaho nonfarm employment growth would average 1.8% annually. In the July 2004 *Forecast* it averages 1.9% per year. As a result, Idaho nonfarm employment is about 4,000 higher in 2007 compared to the previous forecast. There are several differences between the two forecasts that are worth noting. First, the improved construction employment outlook has augmented the outlook for the good-producing sector. The gains in construction employment more than offset the lowered expectations for manufacturing. Employment in most of the nongoods-producing sectors have improved. The most notable exception is federal government employment. The outlook for Idaho personal income has also improved. Compared to the previous forecast, Idaho real personal income is $365 million higher in 2004, $322 million higher in 2005, $221 million higher in 2006, and $97 million higher in 2007.

SELECTED IDAHO ECONOMIC INDICATORS

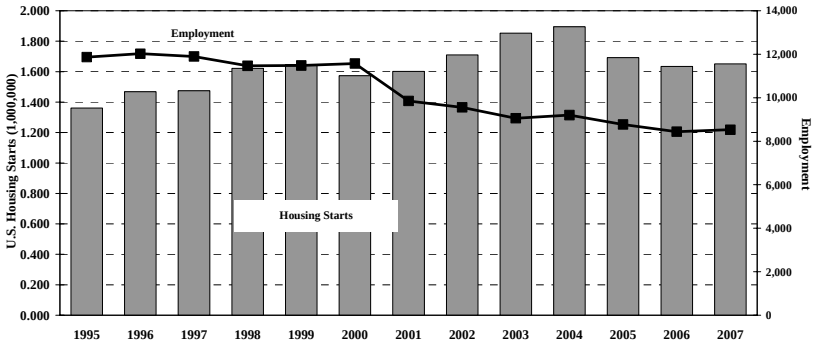


Computer and Electronics: The return of real business investment suggests cautious optimism is in order for the state's computer and electronics sector. After shedding jobs in 2002 and 2003, Idaho's computer and electronics sector's payroll should begin expanding this year. Idaho computer and electronics employment peaked at nearly 20,700 in the first quarter of 2001 then shed nearly 4,700 jobs through the end of 2003. In 2001, Jabil Circuit, Micronpc.com, SCP Global Technologies, Micron MCMS, AMI, and Hewlett-Packard reduced their staffs. As a result, this sector's employment growth slowed from 5.7% in 2000 to 1.0% in 2001. The Gem State's computer and electronics sector suffered another round of layoffs in 2002, which caused employment to decline 8.8% in that year. Much of the blame for this decline can be attributed to the fallout from the bursting high-tech bubble. Fueled by the demands of the Telecommunications Act of 1996, concerns over Y2K, and the popularity of the Internet, real investment in computer equipment advanced by at least 40% each year from 1995 through 1999. The output of U.S. computer and electronic equipment averaged over 31% annual growth during the second half of the 1990s. Unfortunately, real business investment retreated in 2001 and 2002. Real investment regained its legs in 2003, but its tentative steps resulted in a small 3.0% increase. Investment should be more sure footed this year, but the odds are against it returning to the full gallop it displayed in the late 1990s. The quicker pace of real business investment reflects the anticipated replacement demand for computers and peripheral devices. Computer systems and software purchased during the last expansion are quickly becoming technologically obsolete. As a result, many of these items are expected to be upgraded and/or replaced in the near future. Demand for computers and peripherals should also be augmented by the high productivity returns for investing in technology. Companies wanting to make these investments have found it relatively easy thanks to low interest rates, attractive depreciation treatment, and improved corporate cash flow. Idaho's computer and electronics sector showed signs of improvement in the first quarter of this year when employment posted its first gain in three years. Despite the first quarter's increase, Idaho computer and electronics employment growth should be flat in 2004. However, it is expected to expand 1.9% in 2005, 3.1% in 2006, and 3.9% in 2007. Unfortunately, one of the state's long-standing high-tech players will not contribute to this growth. Zilog closed its Nampa fabrication plant on June 23, 2004. About 150 jobs were lost due to this closure.

Logging and Wood Products: Idaho's logging and wood products employment should experience a brief reprieve from its recent string of losses. Like other Gem State resource-based sectors, lumber and wood products has suffered through challenging times. This sector's employment last peaked in 2000 at about 11,600 jobs. It has fallen in each of the three subsequent years. The worst year was 2001, when employment declined a whopping 14.9%. Employment fell by another 3.0% in 2002 and 5.3% in 2003. The closing of several mills over this period caused a portion of these declines. Approximately 125 jobs were lost when Boise Cascade shuttered its Cascade, Idaho mill in 2001. About 250 jobs were lost in 2002 when the company's Emmett, Idaho mill closed. Potlatch ceased operations at its Jaype Mill

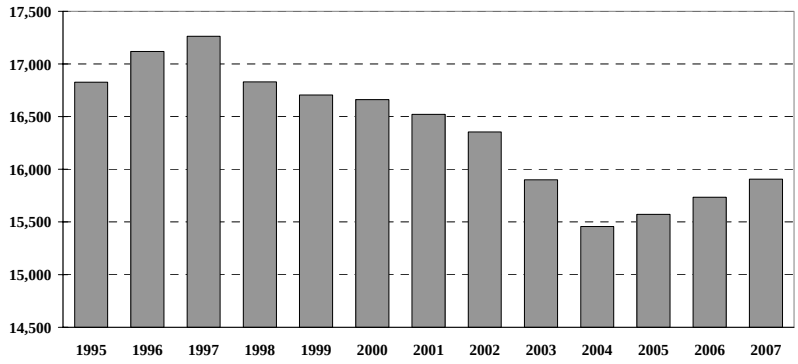
near Pierce, a move that cost about 215 jobs. Louisiana-Pacific closed its Bonners Ferry mill, putting about 140 people out of work. One of the reasons these mill closures are distressing is because their job losses are permanent. Unlike cyclical layoffs, where employees are recalled when business conditions improve, workers from closed mills have no place to return to work. It should also be pointed out that these jobs tend to be high-paying jobs and the mill is often a community's major employer. As a result, the fallout from a mill closure is felt not just inside the mill's gate, but also through out the community. What has been particularly frustrating is Idaho's lumber and wood products sector has been suffering during robust conditions that would have made it thrive in the past. This sector has traditionally prospered when the U.S. housing industry is healthy. The housing industry has indeed done well recently. The number of U.S. housing starts has increased in every year since 2000, and nearly 1.9 million starts are expected in 2004—its strongest showing since 1978. Under such strong demand Idaho lumber and wood products employment should rise. It has not. In fact it has decreased. This is because it is weighed down by supply factors. First, strong markets in the 1990s led to heavy capital investment in this sector. As a result, it is estimated the industry can produce 20% to 25% more lumber than is being consumed in North America and Canada. Second, the industry's problems have been compounded by the dearth of timber available from federal lands. A look at the last decade's harvests shows how steep the decline has been. According to the U.S. Department of Agriculture, 739 million board feet (mbf) were harvested in Idaho in 1991, or about 41% of the state total. In comparison, federal lands in Idaho yielded just 102 mbf a decade later, which was less than 10% of the total harvest. Third, unresolved fair trade issues between the U.S. and Canada are another source of uncertainty regarding future supplies. Idaho logging and wood products employment is expected to decline 4.7% in 2005, 3.7% in 2006, and increase 1.1% in 2007.

Idaho Logging & Wood Products Employment and U.S. Housing Starts



Sources: Global Insight and DFM

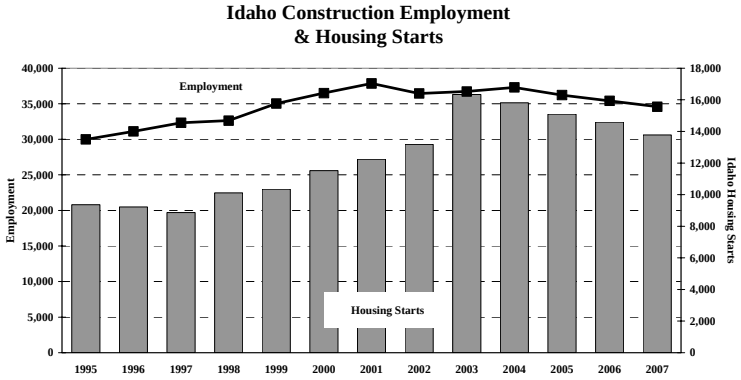
Idaho Food Processing Employment



Food Processing: The Gem State's food processing sector will start to experience some long-awaited employment gains beginning in 2005, but these increases will not be robust enough to offset the losses it has experienced in recent years. The last time this sector's employment increased was in 1997. That year also represented the acme of employment. Since then employment has declined in every year. Some of the largest year-over-year declines coincide with the closure of major food processing facilities. For example, Simplot recently shuttered its Heyburn potato processing plant. The plant was built in 1960 and had run continuously since that time. Nearly 360 jobs were lost when unfavorable business conditions caused Simplot to also close its Nampa meat packing plant in the fall of 2003. Unfortunately, because the facilities will not be reopened, these jobs have been permanently lost. No new major potato processing plants are expected to be built in Idaho over the forecast period. This is because recent production

additions have been built elsewhere. Canada has become a major player in the processed potato market. J.R. Simplot Company recently opened its newest plant in Canada.

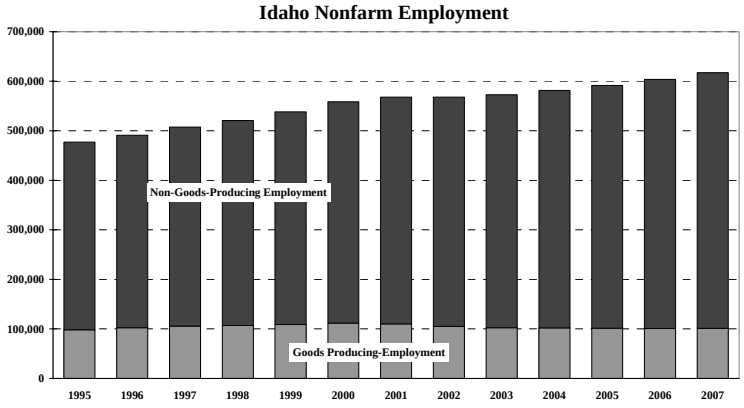
Mining and Chemicals: It is difficult to see any relief on the horizon for Idaho's mining and chemical sectors. The state's mining sector is reviewed first. Over time, this sector has experienced both expansions and contractions consistent with the business cycle. Idaho mining employment fell from the beginning of 1991 until it hit a trough in 1993. Employment hit its next peak in 1997. The mining sector has been shedding jobs since then. A clear pattern is that each successive mining employment peak is lower than the previous one. In other words, the expansions have not been able to replace the jobs lost when this sector contracted. This suggests there are structural factors reducing the employment prospects for this sector. This trend is expected to continue, and this does not bode well for the state's mining sector. Idaho chemical employment has also suffered setbacks. The most severe was the closure of the Astaris (formerly FMC) elemental phosphorous plant located just outside of Pocatello in 2002. For years this sector's employment was the epitome of stability, hovering near 2,300 since 1995. After the plant closure, employment plunged well below 2,000. While the number of jobs lost was small compared to overall employment, these were very high-paying jobs, and their absence is sorely missed. Readers may notice this decline pales in comparison to the 1,745 job loss from 1994 to 1995. This change reflects a reclassification of jobs at the Idaho National Engineering and Environmental Laboratory site. These jobs were not lost, but instead have been reassigned to the service sector.



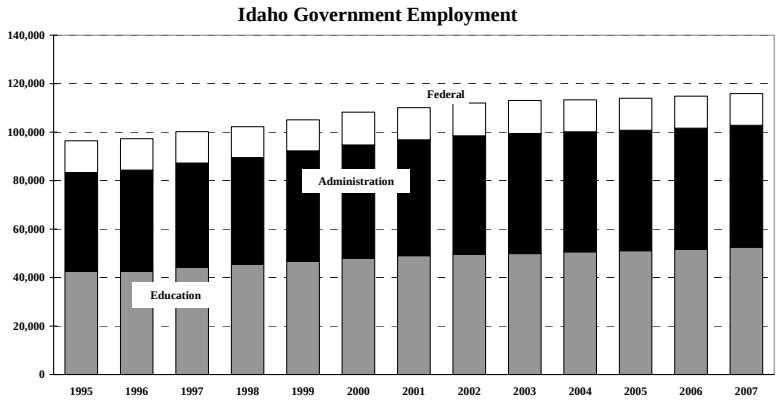
Construction: The construction sector performed better than expected in the last quarter of 2003 and in the first quarter of 2004. This continues a pattern of pleasantly surprising construction growth. For example, in the January 2004 forecast it was predicted Idaho housing starts would begin declining at the end of 2003. Idaho construction employment was also expected to fall. However, current data suggest Idaho housing starts actually grew to about 18,100 units in 2003's fourth quarter. Not surprisingly, Idaho construction employment followed a similar path. Instead of falling as had been previously forecast, it actually expanded in the last quarter of 2003. These increases were considered when the April 2004 *Idaho Economic Forecast* was prepared. It was assumed at that time the increases in housing starts and construction employment were temporary phenomena exaggerated by seasonal factors, and both would begin retreating in the first quarter of this year. Experience has proved this assumption partially flawed. While housing starts did drop in the first quarter of 2004, construction employment actually rose. Specifically, in April 2004 it was forecast there would be around 15,000 annualized housing starts in the first quarter of 2004. Current data suggest there were approximately 16,500 starts. This helps to

explain why construction jobs increased in the same quarter, instead of decreasing per the previous forecast. The recent activity of housing starts and employment has been considered in the preparation of the current forecast. The housing data suggest Idaho housing starts have peaked, and they are expected to decline over the forecast period. However, the decline is not expected to be as severe as had been previously projected. The current forecast for Idaho housing starts in 2007 is 13,777, which is about 700 higher than in the previous forecast. Although Idaho construction employment showed surprising strength in early 2004, it will eventually be weighed down by the falling housing starts. Thus, after expanding to 37,302 in 2004, construction employment is forecast to drift down to 34,589 in 2007. These declines in Idaho housing starts and construction employment should be put in perspective. They represent a retreat from high levels of activity, and they are healthy by historical standards. For example, Idaho housing starts are expected to be 13,777 units in 2007—this is much higher than the three-decade average of about 8,800 units. Likewise, Idaho construction employment should remain comfortably above its historical average.

Nongoods-Producing Industries: Most of the state's nonfarm jobs are categorized as nongoods-producing jobs. In 2003, this sector accounted for over 80% of all nonfarm jobs in Idaho. Much of this is due to the sheer number of large job categories that come under the nongoods-producing moniker. For example, two of the largest nongoods sectors are services and trade. Together they account for three-fourths of nongoods-producing employment, or over 60% of Idaho total nonfarm employment. The services category is the larger of the two categories and accounts for the lion's share of employment. The services sector can be split into its various components. The three largest services components are: professional and business services; education and health services; and leisure and hospitality services. The next group consists of service sectors with employment of around 20,000. Financial services; transportation, warehousing, and utilities; and other services make up this group. The smallest sector is information services. The trade category can be divided into retail and wholesale pieces, with retail being the larger of the two sectors. Given the diversity of the components making up the nongoods-producing sector, it is easier to forecast its employment from the bottom up versus the top down. That is, a forecast should be made for each component and then these components should be summed to get an aggregate forecast for nongoods-producing employment. That being the case, a short summary for each component is provided. The outlook for professional and business services employment should be one of this sector's strongest performers. After experiencing relatively anemic showing in 2003, its job growth should accelerate over the forecast period, so that by 2007 it is adding jobs at over three times its 2003 pace. Education and health services employment should benefit from the state's continued, albeit slower, population growth and the increased demand for health services caused by the aging population. Education and health services should grow 3.3% annually. The outlook for leisure and hospitality employment will be determined by several factors. On the plus side, domestic tourism is expected to benefit from the weak dollar, high airline fares for international travel, and fears about traveling abroad. On the minus side, Idaho travel could be hampered this summer by high gasoline prices and a limited water recreation season caused by the low mountain snowpack. The current forecast calls for leisure and hospitality services employment to increase an average of 3.2% annually. Since retail is closely tied with tourism, it will be interesting to see how well it weathers the



factors affecting the hospitality and recreations category. For example, it remains to be seen whether the weaker dollar will lure Canadian shoppers back into northern Idaho shops or whether high gasoline prices will keep them home. Idaho's high-quality labor force should continue to attract call centers, which help the number of information services jobs grow 3.7% annually. Other services should advance 2.1% yearly. Financial services employment growth is projected to average 2.2%, while transportation, warehousing, and utilities are expected to average 1.4% growth. The trade sector can also be broken out this way. Retail trade should average 2.4% growth over the forecast period, while wholesale trade advances at a 0.8% yearly pace. Overall, total employment in Idaho's nongoods-producing sector is forecast to rise 2.0% in 2004, 2.2% in 2005, 2.6% in 2006, and 2.6% in 2007.



Government: Idaho state and local government employment is forecast to grow much slower over the forecast period than its historical 2.7% annual average. In fact, this measure is expected to muster just 0.7% growth in both 2004 and 2005, rise 0.9% in 2006, and increase 1.1% in 2007. The main reason for this slower-than-average growth is the cooling of population growth. A little history adds a bit of perspective. From 1990 to 2000 the Gem State experienced a boom during which its population grew over 27%, or an average of about 2.5% per year. In comparison, the U.S. economy grew about half as fast as Idaho during that decade. Idaho's fast-growing population increased the demand for government services, and overall state and local government employment growth averaged 3.0% from 1991 to 2000. Idaho's population growth is expected to shift into lower gear over the forecast period and advance about 1.5% annually. Another factor dampening government employment growth is state-mandated budget caps for local governments. As a result of these factors, Idaho state and local government employment grow less than 1.0% per year over the forecast horizon. While the focus so far has been on aggregate employment, the projection can be broken out by its education and non-education components. Idaho education employment should actually fare better than total state and local government employment over the forecast period. Specifically, it is anticipated to expand 1.4% this year, 1.0% next year, 1.2% in 2006, and 1.6% in 2007. The above average growth of this component of Idaho state and local government employment implies non-education employment will experience sub-par growth. Indeed, Idaho non-education employment is forecast to decrease slightly in 2004 and increase well under 1.0% in the remaining years of the forecast. The federal government component is a relatively small part of Idaho employment. It accounted for 13,621 jobs, or about 2.4% of total nonfarm employment. In contrast, there were nearly 100,000 state and local jobs in Idaho. The fate of the federal government sector owes more to budget writers on the Potomac than to local policy makers. Given current federal budget deficits it is likely Uncle Sam will be less generous to the states in the future, and this will dampen federal employment prospects in Idaho. Another risk to employment is the possibility of more rounds of military base closures in the near future. Federal government employment in Idaho is expected to shrink slowly over the next few years, going from 13,621 in 2003 to 13,117 in 2007.

FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the April 2004 to the July 2004 *Idaho Economic Forecast*. The July 2004 *Idaho Forecast* is based on Global Insight's June 2004 baseline forecast and the April 2004 *Idaho Forecast* is driven by Global Insight's March 2004 baseline U.S. macroeconomic forecast.

A comparison of several key variables shows how the outlooks for the national and state economies have changed since the April 2004 *Idaho Economic Forecast* was published. A review of several macroeconomic variables leads to the conclusion that the short-run outlook for the U.S. economy has improved slightly, but its performance in the latter years of the planning horizon is slightly weaker than had been previously forecast. This can be seen by comparing the real GDP forecasts. The accompanying table shows real GDP in the July 2004 *Forecast* is $22 billion (0.2%) higher than in the in the April 2004 *Forecast* and it is $43 billion (0.4%) higher in 2005. However, in 2006 and 2007, the current forecast of real GDP is lower than in the April 2004 *Forecast*. Interestingly, nominal GDP is actually higher in both 2006 and 2007 than their April 2004 counterparts, but not enough to offset the impact of the anticipated higher inflation. This pattern is also evident in the real personal income, which displays a similar pattern. Specifically, this important barometer of the economy's health is higher in 2004 and 2005, marginally higher in 2006, but slightly lower in 2007. The short run outlook for U.S. nonfarm employment has also improved compared to the April 2004 *Forecast*. However, this advantage disappears beginning in 2006. Compared to the April 2004 *Forecast*, U.S. nonfarm employment is 0.4% higher in 2004, 0.5% higher in 2005, 0.1% higher in 2006, and 0.5% lower in 2007. Inflation is higher than had been previously forecast in each year. Given the higher inflation environment, the Federal Reserve is anticipated to adopt a tighter monetary policy. This can be seen in the federal funds rate, which is higher than previously projected in all years of the forecast.

Both the short- and long-term Idaho economic outlooks have improved. This can be seen in both the employment and income forecasts. Idaho nonfarm employment is about 0.6% stronger in each year through 2007. While aggregate employment is higher, the job mix has changed. For example, manufacturing employment is actually lower than in the previous forecast in each year. On the other hand, this gap is more than offset by the stronger expected performances for the mining, construction, and nongoods-producing sectors. The stronger employment has a positive impact on Idaho personal income. Nominal personal income on average is about 1.5% higher in each year. Even after incorporating the higher inflation, Idaho real personal income is higher than in the April 2004 *Forecast*. Another indicator of Idaho's economic strength is the improved outlook for housing.

IDAHO ECONOMIC FORECAST
FORECASTS COMPARISON
DIFFERENCES BETWEEN
JULY 2004 AND APRIL 2004 FORECASTS

	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP (BILLIONS)									
Current $	0	0	0	0	2	84	144	44	9
% Difference	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.7%*	*1.2%*	*0.3%*	*0.1%*
2000 Chain-Weighted	0	0	0	0	0	22	43	-47	-76
% Difference	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.2%*	*0.4%*	*-0.4%*	*-0.6%*
PERSONAL INCOME - CURR $									
Idaho (Millions)	167	113	600	633	194	669	724	559	405
% Difference	*0.6%*	*0.4%*	*1.9%*	*1.9%*	*0.6%*	*1.8%*	*1.9%*	*1.4%*	*0.9%*
U.S. (Billions)	0	0	0	0	16	146	174	98	52
% Difference	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.2%*	*1.5%*	*1.7%*	*0.9%*	*0.5%*
PERSONAL INCOME - 2000 $									
Idaho (Millions)	171	114	588	611	177	365	322	221	97
% Difference	*0.6%*	*0.4%*	*1.9%*	*1.9%*	*0.5%*	*1.1%*	*0.9%*	*0.6%*	*0.3%*
U.S. (Billions)	0	0	0	0	14	69	70	14	-22
% Difference	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.2%*	*0.8%*	*0.8%*	*0.1%*	*-0.2%*
TOTAL NONFARM EMPLOYMENT									
Idaho	-4	-34	-40	-31	1,029	3,008	3,649	3,929	3,899
% Difference	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.2%*	*0.5%*	*0.6%*	*0.7%*	*0.6%*
U.S. (Thousands)	0	0	0	0	0	560	644	72	-625
% Difference	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.4%*	*0.5%*	*0.1%*	*-0.5%*
GOODS PRODUCING SECTOR									
Idaho	2	1	-3	-4	230	520	383	582	614
% Difference	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.2%*	*0.5%*	*0.4%*	*0.6%*	*0.6%*
U.S. (Thousands)	0	0	0	0	0	217	242	116	-126
% Difference	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*1.0%*	*1.1%*	*0.5%*	*-0.6%*
NONGOODS PRODUCING SECTOR									
Idaho	-5	-35	-37	-26	799	2,488	3,267	3,347	3,286
% Difference	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.2%*	*0.5%*	*0.7%*	*0.7%*	*0.6%*
U.S. (Thousands)	0	0	0	0	0	343	402	-44	-499
% Difference	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.3%*	*0.4%*	*0.0%*	*-0.4%*
FINANCIAL MARKETS									
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.5%	0.5%	0.3%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.4%	0.5%	0.3%
Mort Rate, Existing Homes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.1%	0.0%
INFLATION									
GDP Price Deflator	0.0	0.0	0.0	0.0	0.0	0.6	0.9	0.8	0.8
Personal Cons Deflator	0.0	0.0	0.0	0.0	0.0	0.8	1.0	0.8	0.8
Consumer Price Index	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Forecast Begins the FIRST Quarter of 2004

ALTERNATIVE FORECASTS

Global Insight has assigned a 55% probability of occurrence to its June 2004 baseline forecast of the U.S. economy. The major features of this forecast include:

- Real GDP increases 4.9% in 2004, 3.8% in 2005, 2.9% in 2006, and 3.4% in 2007;
- U.S. nonfarm employment grows 1.2% in 2004, 2.1% in 2005, 1.4% in 2006, and 1.1% in 2007;
- the U.S. civilian unemployment rate falls gradually from 5.5% in 2004 to 5.3% in 2007;
- inflation is 2.7% in 2004, 1.6% in 2005, 1.3% in 2006, and 1.9% in 2007;
- the real net export deficit grows from $532 billion in 2003 to $441 billion in 2007.

The *Optimistic* and *Pessimistic* alternative forecasts are broad mirror images of one another relative to the *Baseline Scenario*. In the *Optimistic Forecast* inflation is lower and growth is higher than in the baseline. Inflation is higher and growth is lower in the *Pessimistic Scenario*. These bandwidths exist in both the short and long runs. Mainly, they reflect different assumptions about productivity, foreign economic growth, and the dollar's strength.

OPTIMISTIC SCENARIO

The *Optimistic Scenario* has been assigned a 20% probability of occurrence. In this *Scenario*, total factor productivity is stronger than in the baseline, and this has several positive impacts. It is the main reason why economic and employment gains are higher and inflation and budget deficits are lower than in the baseline. It also helps strengthen the dollar, which helps keep a lid on inflation. This *Scenario* also assumes both developing and industrialized countries grow faster than in the baseline. This boosts U.S. exports, which helps shrink the merchandise trade deficit faster than in the baseline. In addition to the already mentioned assumptions, oil prices are expected to be lower and construction is expected to be higher.

These assumptions help paint a rosier picture for the U.S. economy. For example, real GDP advances 5.4% in 2004 and 4.8% in 2005. In comparison, real output was slated to increase 4.9% in 2004 and 3.8% in 2005 in the *Baseline Scenario*. Although economic growth and labor markets are stronger than in the baseline, forecasted inflation is actually lower thanks to the stronger dollar and the higher productivity growth. The lower inflation rate allows the Federal Reserve to keep its federal funds rate below the baseline value. It should also be pointed out that the assumed higher total productivity growth raises the bar for economic performance. Namely, potential GDP is higher than its baseline counterpart.

The higher U.S. productivity presents a mixed outlook for Idaho. It allows the U.S economy to grow faster without inflation, which is a plus for Gem State employment. Specifically, nonfarm employment advances a healthy 1.5% this year, 2.0% next year and in 2006, and 2.1% in 2007. As a result, Idaho nonfarm employment is 617,738 in 2007, which is about 500 higher than in the *Baseline Forecast*. However, the higher productivity dampens unit labor cost, which lowers Idaho wage growth. The lower wage growth has a cascading effect on several components of Idaho personal income. As a result, Idaho nominal personal income is lower than its baseline counterpart. Interestingly, even after adjusting for inflation, Idaho personal income is still lower in this *Scenario* than in the *Baseline Scenario*.

IDAHO ECONOMIC FORECAST
BASELINE AND ALTERNATIVE FORECASTS
JULY 2004

	BASELINE				OPTIMISTIC				PESSIMISTIC			
	2004	2005	2006	2007	2004	2005	2006	2007	2004	2005	2006	2007
GDP (BILLIONS)												
Current $	11,766	12,426	12,989	13,687	11,823	12,561	13,013	13,649	11,753	12,385	12,969	13,628
% Ch	*7.1%*	*5.6%*	*4.5%*	*5.4%*	*7.6%*	*6.2%*	*3.6%*	*4.9%*	*7.0%*	*5.4%*	*4.7%*	*5.1%*
2000 Chain-Weighted	10,909	11,320	11,652	12,043	10,958	11,487	11,799	12,206	10,886	11,176	11,379	11,649
% Ch	*4.9%*	*3.8%*	*2.9%*	*3.4%*	*5.4%*	*4.8%*	*2.7%*	*3.4%*	*4.7%*	*2.7%*	*1.8%*	*2.4%*
PERSONAL INCOME - CURR $												
Idaho (Millions)	37,448	39,342	41,539	43,907	37,323	38,872	40,730	42,638	37,578	39,951	42,781	45,857
% Ch	*5.8%*	*5.1%*	*5.6%*	*5.7%*	*5.4%*	*4.2%*	*4.8%*	*4.7%*	*6.1%*	*6.3%*	*7.1%*	*7.2%*
U.S. (Billions)	9,733	10,273	10,809	11,425	9,748	10,334	10,812	11,360	9,732	10,257	10,817	11,455
% Ch	*5.7%*	*5.6%*	*5.2%*	*5.7%*	*5.9%*	*6.0%*	*4.6%*	*5.1%*	*5.7%*	*5.4%*	*5.5%*	*5.9%*
PERSONAL INCOME - 2000 $												
Idaho (Millions)	34,780	35,942	37,360	38,654	34,689	35,729	37,068	38,150	34,833	36,008	37,536	39,207
% Ch	*3.5%*	*3.3%*	*3.9%*	*3.5%*	*3.2%*	*3.0%*	*3.7%*	*2.9%*	*3.6%*	*3.4%*	*4.2%*	*4.5%*
U.S. (Billions)	9,040	9,385	9,722	10,059	9,060	9,498	9,840	10,164	9,021	9,245	9,491	9,794
% Ch	*3.4%*	*3.8%*	*3.6%*	*3.5%*	*3.6%*	*4.8%*	*3.6%*	*3.3%*	*3.2%*	*2.5%*	*2.7%*	*3.2%*
TOTAL NONFARM EMPLOYMENT												
Idaho	581,463	591,493	603,784	617,212	581,424	592,934	604,777	617,738	581,423	590,681	601,707	615,534
% Ch	*1.6%*	*1.7%*	*2.1%*	*2.2%*	*1.5%*	*2.0%*	*2.0%*	*2.1%*	*1.5%*	*1.6%*	*1.9%*	*2.3%*
U.S. (Thousands)	131,492	134,195	136,040	137,580	131,810	135,522	137,773	139,271	131,389	133,285	134,027	134,497
% Ch	*1.2%*	*2.1%*	*1.4%*	*1.1%*	*1.4%*	*2.8%*	*1.7%*	*1.1%*	*1.1%*	*1.4%*	*0.6%*	*0.4%*
GOODS PRODUCING SECTOR												
Idaho	102,004	101,249	100,863	101,206	102,343	103,750	102,925	103,289	101,862	100,101	98,260	97,722
% Ch	*-0.4%*	*-0.7%*	*-0.4%*	*0.3%*	*0.0%*	*1.4%*	*-0.8%*	*0.4%*	*-0.5%*	*-1.7%*	*-1.8%*	*-0.5%*
U.S. (Thousands)	21,924	22,238	22,388	22,448	21,978	22,684	22,968	22,981	21,905	22,010	21,617	21,131
% Ch	*0.5%*	*1.4%*	*0.7%*	*0.3%*	*0.7%*	*3.2%*	*1.3%*	*0.1%*	*0.4%*	*0.5%*	*-1.8%*	*-2.3%*
NONGOODS PRODUCING SECTOR												
Idaho	479,460	490,244	502,921	516,006	479,081	489,184	501,851	514,449	479,561	490,581	503,448	517,812
% Ch	*2.0%*	*2.2%*	*2.6%*	*2.6%*	*1.9%*	*2.1%*	*2.6%*	*2.5%*	*2.0%*	*2.3%*	*2.6%*	*2.9%*
U.S. (Thousands)	109,567	111,957	113,652	115,132	109,832	112,839	114,804	116,290	109,484	111,275	112,409	113,366
% Ch	*1.3%*	*2.2%*	*1.5%*	*1.3%*	*1.6%*	*2.7%*	*1.7%*	*1.3%*	*1.3%*	*1.6%*	*1.0%*	*0.9%*
SELECTED INTEREST RATES												
Federal Funds	*1.3%*	*2.8%*	*3.5%*	*3.5%*	*1.3%*	*2.7%*	*3.0%*	*3.0%*	*1.3%*	*3.2%*	*5.5%*	*6.6%*
Bank Prime	*4.3%*	*5.8%*	*6.5%*	*6.5%*	*4.3%*	*5.7%*	*6.0%*	*6.0%*	*4.3%*	*6.2%*	*8.5%*	*9.6%*
Existing Home Mortgage	*6.1%*	*6.8%*	*6.8%*	*6.8%*	*6.0%*	*6.5%*	*6.2%*	*6.2%*	*6.1%*	*7.3%*	*8.3%*	*8.8%*
INFLATION												
GDP Price Deflator	*2.1%*	*1.8%*	*1.6%*	*2.0%*	*2.1%*	*1.4%*	*0.9%*	*1.4%*	*2.2%*	*2.6%*	*2.8%*	*2.7%*
Personal Cons Deflator	*2.2%*	*1.7%*	*1.6%*	*2.2%*	*2.1%*	*1.4%*	*0.9%*	*1.4%*	*2.4%*	*2.8%*	*2.7%*	*2.6%*
Consumer Price Index	*2.7%*	*1.6%*	*1.3%*	*1.9%*	*2.6%*	*1.0%*	*0.7%*	*1.5%*	*2.9%*	*2.8%*	*2.4%*	*2.3%*

Forecast Begins the FIRST Quarter of 2004

PESSIMISTIC SCENARIO

The assigned 25% probability of occurrence for the *Pessimistic Scenario* is marginally higher than that of the *Optimistic Scenario*. This alternative assumes there is less spare global economic capacity than in the baseline. The reason for this is rapid technological advances have rendered much of the currently idle capacity obsolete, but this capacity remains on the books nonetheless. Higher oil prices dampen Asian economic growth. European economic growth is stunted by the stubborn adherence to anti-growth regulatory and social policies. Although global growth slows, the dollar weakens as higher commodity prices cause the U.S. import bill to rise and the current account deficit to widen. As these price pressures mount, businesses raise their prices, causing inflation to accelerate.

The higher inflation causes the Federal Reserve to aggressively tighten. Between autumn 2005 and the end of 2006, the federal funds target rate rises from 4.0% to 7.5%. This strong medicine proves successful at staving off inflation, but it comes with a few negative side effects. The economy does not sink into a recession, but fails to narrow the gap between real and potential GDP. Under these circumstances, the U.S. unemployment rate actually deteriorates from 5.6% in 2004 to 6.7% in 2007. In the baseline, the unemployment rate gradually drops from 5.5% to 5.3% over this same period. The weaker economy takes a toll on federal finances. Namely, the federal budget deficit (unified basis) swells to $458 billion in 2007 in the *Pessimistic Scenario*, which is well above the baseline's $269 billion deficit.

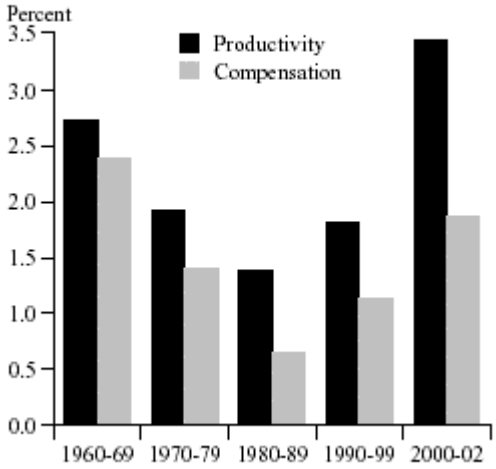
In this *Scenario*, the outlook for Idaho employment is weaker than in the *Baseline Scenario*, but the personal income forecast is stronger. Specifically, Idaho nonfarm employment advances 1.5% in 2004, 1.6% in 2005, 1.9% in 2006, and 2.3% in 2007. Both Idaho nominal and real personal income increase faster than their baseline counterparts. Nominal income increases by about 6.0% in both 2004 and 2005, then accelerates to about 7.0% in 2006 and 2007. Annual nominal income growth remains below 6.0% in the *Baseline Scenario*. Adjusting for inflation narrows the growth gap between pessimistic and baseline nominal personal income, but does not erase it. This is especially notable in 2006 and 2007, when real personal income growth rises by at least 4.0% in each year, but it is less than 4.0% in the baseline case.

The Productivity and Jobs Connection: The Long and the Short Run of It

Carl E. Walsh

Ask any economist and he or she will tell you that faster productivity growth leads to higher real wages and improved living standards. So, from those perspectives, the recent evidence of strong productivity growth in the U.S. is good news. Figure 1 shows, by decade, the relationship between productivity growth and the growth rate of real labor compensation per hour. The decades of slow productivity growth have been decades of slow growth in real wages; decades of faster productivity growth have been decades of faster growth in real wages.

Figure 1: Productivity growth rate and growth in real compensation per hour



Yet a quite different picture of productivity growth dominates the news. Numerous newspaper articles blame strong productivity growth for a "jobless recovery," as economic output grows yet employment does not. Faster productivity growth, according to this view, allows firms to increase production without increasing employment. While recent employment figures suggest that job growth may finally be accelerating, the slow growth in new jobs during the past two years has raised doubts about the benefits of faster productivity growth.

These two views of productivity growth seem dramatically inconsistent. If higher productivity allows firms to shed workers, how can it raise wages and living standards? If productivity does lead to improved wages and living standards, why do so many feel the recent productivity growth has left workers behind?

To answer these questions, and to understand how both views contain part of the truth about productivity, we need to distinguish both between a microeconomic and a macroeconomic perspective on productivity and between the short-run and long-run effects of changes in productivity. This *Letter* discusses these different perspectives on the productivity-jobs connection.

The macro versus micro perspective

Variations in productivity growth have both microeconomic and macroeconomic effects. Microeconomics investigates the structure of individual industries and markets, and the behavior of individual firms and consumers. From a micro perspective, productivity growth and new technological innovations are constantly leading to structural changes in the economy, causing one industry to expand in terms of both production and employment, while other industries shrink. The rapid growth of the high-tech industry during the 1990s and the effects of research in biochemistry on the pharmaceutical industry are just two recent examples of such changes. At the same time, technological

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changes can cause other industries to contract. The introduction of word processors and personal computers had a devastating effect on firms producing electric typewriters, for example. These micro factors produce an enormous amount of change each year in the American labor market. As a consequence, small changes in overall employment can mask the quite large numbers of jobs that disappear and are created every year. For example, according to Pivetz et al. (2001), in the fourth quarter of 1999, the net gain in employment of 1 million was the result of the loss of just over 8 million jobs and the creation of over 9 million new jobs.

Similar phenomena can be observed when looking across industries. For example, while the share of manufacturing in total U.S. GDP has remained roughly constant over the past 50 years, rising productivity in manufacturing means that this level of production can be achieved with fewer and fewer workers. Thus, employment in manufacturing as a share of total employment has declined over the past 50 years. In contrast, employment and output in areas such as the computer industry, areas of economic activity that did not exist 50 years ago, have grown rapidly. These shifts in the economy cause jobs to disappear in some sectors while jobs are created in others.

Rather than focusing on specific industries or sectors of the economy, macroeconomics focuses on the overall behavior of the economy (e.g., overall levels of income, production, employment, inflation). Thus, while important issues of public policy are involved in deciding how best to assist workers displaced by these changes, the question from the macroeconomic perspective is whether faster productivity growth does more than simply shift the types of jobs available in the economy: Does it alter the total level of employment and wages? And to address this issue, it is useful to distinguish between the short run and the long run.

The short run

If firms see the demand for their products rise, they respond by expanding production. And if labor productivity is unchanged, then typically they need to hire more workers to do this. But if labor productivity is increasing, then it has the potential to reduce employment growth, because the firm will be able to satisfy demand using fewer workers. Likewise, if overall demand in the economy has not expanded, then an increase in labor productivity could lead to a fall in employment in the short run. In this case, faster productivity growth might lead to an increase in job loss without a corresponding increase in job creation in new and expanding industries.

The long run

Economics teaches us that, in the long run, income and employment depend not on demand but instead on supply factors—the economy's stock of capital, its labor force (measured in terms of both the quantity of labor as well as its quality as reflected, for example, in educational levels), and its technology. At the macro level, the level of income that results when the economy's factors of production are fully and efficiently utilized is often called potential GDP.

While the short-run perspective emphasizes the impact of productivity on the number of workers needed to produce a *given* level of output, the long-run perspective emphasizes that an increase in labor productivity increases potential GDP. It does so directly by allowing more output to be produced with the same level of employment, but it also increases employment because it *decreases* the cost of labor to firms and promotes the creation of new industries. For firms, the relevant cost of labor is not measured simply by the wages and benefits paid to the workers. Rather, it is measured by the costs of these wages and benefits relative to the output the workers are able to produce. Just as a rise in wages

increases labor costs if worker productivity remains constant, a rise in labor productivity lowers the cost of labor at a given level of wages and benefits. And if higher productivity makes labor less costly, firms will find it profitable to expand employment. As the new technological innovations that boost productivity occur, new industries arise, along with the creation of new jobs. The increased demand for labor will tend to boost wages, as firms compete to hire additional workers, and raise total employment. With higher employment and productivity, potential GDP increases.

Getting from here to there

The short-run and long-run effects of productivity growth may appear contradictory. How can faster productivity growth depress job creation in the short-run but increase wages and employment in the long-run? In the short-run, productivity growth increases the economy's potential GDP, but if actual GDP does not rise in tandem, actual GDP will fall short of potential, a situation described as a "negative output gap." Expanding investment and consumption spending serve to close the negative output gap. Often, taking advantage of new technological innovations requires that firms increase investment spending to purchase new equipment, and lower labor costs boost profits and the stock market. This increase in overall wealth contributes to a rise in consumption spending. Critically, wages and prices also adjust to restore equilibrium in the economy. These adjustments reduce the output gap until actual GDP rises to match the new level of potential GDP.

Monetary policy plays an important role in this adjustment process. The Fed, like many other central banks, is concerned with keeping inflation low and stable and with promoting macroeconomic stability. Promoting macroeconomic stability normally means the Fed focuses on the output gap as well as on inflation. If inflation is under control, a negative output gap is a signal that policy should be more expansionary, thereby speeding the elimination of the output gap and returning actual GDP to potential GDP. For example, the Fed's policy of maintaining its policy interest rate at low levels for the past three years was designed to help eliminate any negative output gap. Of course, Fed policy actions affect the economy with a lag, so it is not today's output gap that must be the focus of policy, but rather the outlook for the gap in the future.

The evidence

Several economists have tried to estimate the short-run and long-run impacts of productivity shocks on employment. In one of the first papers to investigate this issue, Galí (1999) found that an increase in productivity growth initially reduced overall employment in the economy. The effects on employment, however, were found to be temporary. Thus, his results were consistent with the short-run and long-run effects discussed above.

While the negative impact of faster productivity growth on employment eventually disappears, leaving only the positive impact on incomes, the period of adjustment may be slow and drawn out. Galí, for example, estimated that it would take about seven quarters for total hours worked to return to their initial level after a productivity innovation.

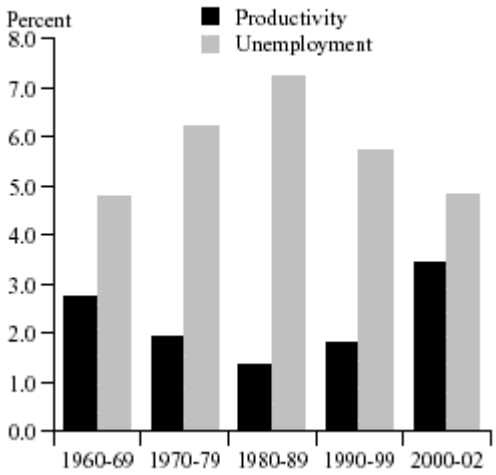
While most subsequent research has confirmed Galí's basic conclusions, some researchers have disputed his findings. For example, Christiano et al. (2003) argue that productivity raises total hours worked even in the short-run. The different findings are attributed to two sources. First, different methods for estimating productivity shocks seem to account for some of the differences. Second, the results are sensitive to the researchers' assumptions about the long-run behavior of hours worked and whether one assumes hours per capita have fluctuated around a constant level during the past 50 years.

While this may seem to be purely a technical statistical issue, it does seem to matter for the empirical results.

In any event, there is little debate among economists about the long-run effect of productivity on employment. And this effect is evident in some simple measures of the relationship among productivity, wages, and unemployment. In the long run, faster productivity growth should translate into an increase in the overall demand for labor in the economy. This, in turn, will lead real wages to rise, just as an increase in the demand for a typical good or service acts to bid its price up. Figure 1 showed that this positive relationship between productivity growth and real wage growth holds across decades.

Figure 2 shows the relationship by decades between productivity growth and the unemployment rate. Consistent with the longer-run perspective, periods of faster productivity growth are not associated with higher average unemployment rates.

Figure 2: Productivity growth rate and unemployment rate



Conclusions

Innovation and technological change bring benefits to the economy and contribute to rising standards of living. But such changes inevitably require that resources, including labor resources, be shifted from shrinking industries to expanding industries. This process can be costly and painful for the workers whose skills are no longer in demand. A macroeconomic perspective helps to highlight the contrasting short-run and long-run impacts of productivity growth on employment. While faster productivity growth may reduce employment in the short run, it promotes employment and higher wages in the long run.

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IDAHO ECONOMIC FORECAST

JULY 2004

FORECAST DETAIL

Reporting Conventions

Units of measurement are presented in the individual reports.

The percentage change numbers given in the annual reports are simple period-to-period percent changes. Since the periods are years, they are thus simple annual changes. The percentage changes given in the quarterly report are period-to-period changes at compound annual rates, following standard practice. A large change in a given quarter can seem to be exaggerated since the calculation assumes the change is compounded over an entire year.

Data Sources

National forecast data are provided by Global Insight and the Food and Agricultural Policy Research Institute (FAPRI). Historical data for the models are obtained from the following agencies: Bureau of the Census (demographic), Bureau of Economic Analysis (income), Bureau of Labor Statistics (employment), Federal Reserve Board of Governors (production), and U.S. Department of Agriculture (farm).

Idaho historical data are obtained from the Department of Commerce and Labor (employment and hourly earnings), Bureau of Vital Statistics (births and deaths), Division of Financial Management (migration), and the Bureau of Economic Analysis (income).

The Idaho average annual wage is calculated by the Division of Financial Management from Bureau of Economic Analysis and Idaho Department of Commerce and Labor data. Because of the different methodology used and data available, this figure may not match those published by other sources.

IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JULY 2004

DEMOGRAPHICS

	1991	1992	1993	1994	1995	1996	1997	1998	1999
POPULATION									
Idaho (Thousands)	1,041.2	1,072.1	1,108.6	1,144.9	1,177.0	1,203.2	1,228.4	1,252.3	1,275.7
% Ch	*2.8%*	*3.0%*	*3.4%*	*3.3%*	*2.8%*	*2.2%*	*2.1%*	*1.9%*	*1.9%*
National (Millions)	253.917	257.308	260.638	263.819	266.942	270.078	273.307	276.508	279.682
% Ch	*1.3%*	*1.3%*	*1.3%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.1%*
BIRTHS									
Idaho (Thousands)	16.741	17.197	17.575	17.690	17.915	18.482	18.599	19.188	19.897
% Ch	*1.9%*	*2.7%*	*2.2%*	*0.7%*	*1.3%*	*3.2%*	*0.6%*	*3.2%*	*3.7%*
National (Thousands)	4,110	4,038	3,997	3,964	3,935	3,911	3,892	3,880	3,874
% Ch	*-1.2%*	*-1.8%*	*-1.0%*	*-0.8%*	*-0.7%*	*-0.6%*	*-0.5%*	*-0.3%*	*-0.2%*
DEATHS									
Idaho (Thousands)	7.644	7.887	8.277	8.478	8.553	8.679	8.953	9.105	9.488
% Ch	*3.9%*	*3.2%*	*4.9%*	*2.4%*	*0.9%*	*1.5%*	*3.2%*	*1.7%*	*4.2%*
National (Thousands)	2,163	2,210	2,237	2,264	2,291	2,318	2,345	2,372	2,399
% Ch	*0.0%*	*2.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.1%*
NET MIGRATION									
Idaho (Thousands)	19.017	21.659	27.168	27.115	22.652	16.417	15.583	13.836	12.975
HOUSING									
HOUSING STARTS									
Idaho	6,600	9,584	11,457	12,766	9,360	9,221	8,863	10,112	10,341
% Ch	*13.2%*	*45.2%*	*19.5%*	*11.4%*	*-26.7%*	*-1.5%*	*-3.9%*	*14.1%*	*2.3%*
National (Millions)	1.009	1.201	1.292	1.446	1.361	1.469	1.475	1.621	1.647
% Ch	*-16.2%*	*19.1%*	*7.5%*	*12.0%*	*-5.9%*	*7.9%*	*0.4%*	*9.9%*	*1.6%*
SINGLE UNITS									
Idaho	5,662	7,900	8,939	9,420	7,280	7,849	7,658	9,041	9,191
% Ch	*18.3%*	*39.5%*	*13.1%*	*5.4%*	*-22.7%*	*7.8%*	*-2.4%*	*18.1%*	*1.7%*
National (Millions)	0.835	1.032	1.131	1.191	1.082	1.154	1.136	1.278	1.306
% Ch	*-7.3%*	*23.6%*	*9.6%*	*5.4%*	*-9.2%*	*6.7%*	*-1.6%*	*12.4%*	*2.2%*
MULTIPLE UNITS									
Idaho	938	1,684	2,518	3,346	2,080	1,372	1,205	1,071	1,151
% Ch	*-10.3%*	*79.6%*	*49.5%*	*32.9%*	*-37.8%*	*-34.0%*	*-12.1%*	*-11.2%*	*7.5%*
National (Millions)	0.174	0.170	0.161	0.255	0.279	0.314	0.338	0.344	0.341
% Ch	*-42.6%*	*-2.4%*	*-5.1%*	*58.3%*	*9.4%*	*12.7%*	*7.6%*	*1.6%*	*-0.7%*
HOUSING STOCK									
Idaho (Thousands)	339.8	347.4	356.9	368.7	377.8	386.2	393.7	402.3	411.3
% Ch	*1.5%*	*2.2%*	*2.7%*	*3.3%*	*2.4%*	*2.2%*	*1.9%*	*2.2%*	*2.2%*

National Variables Forecast by Global Insight
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IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JULY 2004

DEMOGRAPHICS

	2000	2001	2002	2003	2004	2005	2006	2007
POPULATION								
Idaho (Thousands)	1,299.1	1,320.7	1,341.0	1,362.5	1,384.6	1,404.8	1,425.2	1,446.0
% Ch	*1.8%*	*1.7%*	*1.5%*	*1.6%*	*1.6%*	*1.5%*	*1.5%*	*1.5%*
National (Millions)	282.795	285.721	288.599	291.448	294.326	296.984	299.506	302.012
% Ch	*1.1%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*0.9%*	*0.8%*	*0.8%*
BIRTHS								
Idaho (Thousands)	20.304	20.684	20.988	21.318	21.680	21.968	22.264	22.579
% Ch	*2.0%*	*1.9%*	*1.5%*	*1.6%*	*1.7%*	*1.3%*	*1.3%*	*1.4%*
National (Thousands)	3,872	3,876	3,885	3,901	3,925	3,955	3,991	4,033
% Ch	*-0.1%*	*0.1%*	*0.2%*	*0.4%*	*0.6%*	*0.8%*	*0.9%*	*1.0%*
DEATHS								
Idaho (Thousands)	9.538	9.811	9.935	10.116	10.281	10.433	10.587	10.744
% Ch	*0.5%*	*2.9%*	*1.3%*	*1.8%*	*1.6%*	*1.5%*	*1.5%*	*1.5%*
National (Thousands)	2,424	2,446	2,467	2,487	2,507	2,528	2,548	2,569
% Ch	*1.0%*	*0.9%*	*0.9%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*
NET MIGRATION								
Idaho (Thousands)	12.658	10.645	9.311	10.256	10.772	8.608	8.703	9.045
HOUSING								
HOUSING STARTS								
Idaho	11,522	12,237	13,178	16,333	15,810	15,092	14,583	13,777
% Ch	*11.4%*	*6.2%*	*7.7%*	*23.9%*	*-3.2%*	*-4.5%*	*-3.4%*	*-5.5%*
National (Millions)	1.573	1.601	1.710	1.853	1.895	1.692	1.634	1.651
% Ch	*-4.5%*	*1.8%*	*6.8%*	*8.3%*	*2.3%*	*-10.7%*	*-3.4%*	*1.0%*
SINGLE UNITS								
Idaho	10,375	10,427	11,149	13,881	13,877	13,378	13,095	12,405
% Ch	*12.9%*	*0.5%*	*6.9%*	*24.5%*	*0.0%*	*-3.6%*	*-2.1%*	*-5.3%*
National (Millions)	1.232	1.272	1.363	1.505	1.569	1.427	1.386	1.378
% Ch	*-5.7%*	*3.2%*	*7.2%*	*10.4%*	*4.3%*	*-9.1%*	*-2.8%*	*-0.6%*
MULTIPLE UNITS								
Idaho	1,147	1,810	2,029	2,452	1,932	1,714	1,488	1,373
% Ch	*-0.3%*	*57.7%*	*12.1%*	*20.8%*	*-21.2%*	*-11.3%*	*-13.2%*	*-7.7%*
National (Millions)	0.341	0.330	0.347	0.348	0.326	0.266	0.248	0.273
% Ch	*0.1%*	*-3.5%*	*5.3%*	*0.3%*	*-6.4%*	*-18.5%*	*-6.6%*	*10.1%*
HOUSING STOCK								
Idaho (Thousands)	421.2	432.1	442.9	456.9	471.9	485.8	499.0	511.7
% Ch	*2.4%*	*2.6%*	*2.5%*	*3.2%*	*3.3%*	*2.9%*	*2.7%*	*2.5%*

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IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JULY 2004

OUTPUT, INCOME, & WAGES

	1991	1992	1993	1994	1995	1996	1997	1998	1999
GROSS DOM. PRODUCT (Billions)									
Current Dollars	5,996	6,338	6,657	7,072	7,398	7,817	8,304	8,747	9,268
% Ch	*3.3%*	*5.7%*	*5.0%*	*6.2%*	*4.6%*	*5.7%*	*6.2%*	*5.3%*	*6.0%*
2000 Chain-Weighted	7,101	7,337	7,533	7,835	8,032	8,329	8,704	9,067	9,470
% Ch	*-0.2%*	*3.3%*	*2.7%*	*4.0%*	*2.5%*	*3.7%*	*4.5%*	*4.2%*	*4.5%*
PERSONAL INCOME - CURR $									
Idaho (Millions)	16,692	18,318	20,072	21,422	22,871	24,360	25,367	27,287	29,068
% Ch	*4.9%*	*9.7%*	*9.6%*	*6.7%*	*6.8%*	*6.5%*	*4.1%*	*7.6%*	*6.5%*
Idaho Nonfarm (Millions)	15,902	17,488	19,023	20,699	22,073	23,448	24,628	26,371	28,075
% Ch	*6.3%*	*10.0%*	*8.8%*	*8.8%*	*6.6%*	*6.2%*	*5.0%*	*7.1%*	*6.5%*
National (Billions)	5,051	5,362	5,559	5,843	6,152	6,521	6,915	7,423	7,802
% Ch	*3.5%*	*6.2%*	*3.7%*	*5.1%*	*5.3%*	*6.0%*	*6.1%*	*7.3%*	*5.1%*
PERSONAL INCOME - 2000 $									
Idaho (Millions)	20,009	21,342	22,858	23,892	24,973	26,040	26,666	28,429	29,788
% Ch	*1.2%*	*6.7%*	*7.1%*	*4.5%*	*4.5%*	*4.3%*	*2.4%*	*6.6%*	*4.8%*
Idaho Nonfarm (Millions)	19,061	20,374	21,664	23,084	24,102	25,064	25,890	27,475	28,770
% Ch	*2.6%*	*6.9%*	*6.3%*	*6.6%*	*4.4%*	*4.0%*	*3.3%*	*6.1%*	*4.7%*
National (Billions)	6,055	6,247	6,330	6,516	6,718	6,970	7,269	7,734	7,996
% Ch	*-0.1%*	*3.2%*	*1.3%*	*2.9%*	*3.1%*	*3.8%*	*4.3%*	*6.4%*	*3.4%*
PER CAPITA PERS INC - CURR $									
Idaho	16,031	17,084	18,103	18,708	19,431	20,246	20,649	21,788	22,784
% Ch	*2.0%*	*6.6%*	*6.0%*	*3.3%*	*3.9%*	*4.2%*	*2.0%*	*5.5%*	*4.6%*
National	19,891	20,838	21,326	22,145	23,047	24,142	25,301	26,844	27,896
% Ch	*2.2%*	*4.8%*	*2.3%*	*3.8%*	*4.1%*	*4.8%*	*4.8%*	*6.1%*	*3.9%*
PER CAPITA PERS INC - 2000 $									
Idaho	19,217	19,905	20,617	20,866	21,218	21,642	21,707	22,700	23,349
% Ch	*-1.6%*	*3.6%*	*3.6%*	*1.2%*	*1.7%*	*2.0%*	*0.3%*	*4.6%*	*2.9%*
National	23,845	24,278	24,287	24,699	25,166	25,807	26,597	27,968	28,589
% Ch	*-1.4%*	*1.8%*	*0.0%*	*1.7%*	*1.9%*	*2.5%*	*3.1%*	*5.2%*	*2.2%*
AVERAGE ANNUAL WAGE									
Idaho	20,748	21,613	22,051	22,728	23,594	24,147	24,803	25,822	26,993
% Ch	*#DIV/0!*	*4.2%*	*2.0%*	*3.1%*	*3.8%*	*2.3%*	*2.7%*	*4.1%*	*4.5%*
National	26,047	27,410	27,807	28,279	29,148	30,237	31,582	33,219	34,622
% Ch	*3.6%*	*5.2%*	*1.4%*	*1.7%*	*3.1%*	*3.7%*	*4.5%*	*5.2%*	*4.2%*

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IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
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OUTPUT, INCOME, & WAGES

	2000	2001	2002	2003	2004	2005	2006	2007
GROSS DOM. PRODUCT (Billions)								
Current Dollars	9,817	10,101	10,481	10,988	11,766	12,426	12,989	13,687
% Ch	*5.9%*	*2.9%*	*3.8%*	*4.8%*	*7.1%*	*5.6%*	*4.5%*	*5.4%*
2000 Chain-Weighted	9,817	9,867	10,083	10,398	10,909	11,320	11,652	12,043
% Ch	*3.7%*	*0.5%*	*2.2%*	*3.1%*	*4.9%*	*3.8%*	*2.9%*	*3.4%*
PERSONAL INCOME - CURR $								
Idaho (Millions)	31,290	32,963	34,217	35,403	37,448	39,342	41,539	43,907
% Ch	*7.6%*	*5.3%*	*3.8%*	*3.5%*	*5.8%*	*5.1%*	*5.6%*	*5.7%*
Idaho Nonfarm (Millions)	30,474	31,968	33,130	34,344	36,278	38,189	40,270	42,662
% Ch	*8.5%*	*4.9%*	*3.6%*	*3.7%*	*5.6%*	*5.3%*	*5.4%*	*5.9%*
National (Billions)	8,430	8,713	8,910	9,208	9,733	10,273	10,809	11,425
% Ch	*8.0%*	*3.4%*	*2.3%*	*3.3%*	*5.7%*	*5.6%*	*5.2%*	*5.7%*
PERSONAL INCOME - 2000 $								
Idaho (Millions)	31,289	32,303	33,081	33,611	34,780	35,942	37,360	38,654
% Ch	*5.0%*	*3.2%*	*2.4%*	*1.6%*	*3.5%*	*3.3%*	*3.9%*	*3.5%*
Idaho Nonfarm (Millions)	30,473	31,328	32,031	32,607	33,693	34,888	36,218	37,558
% Ch	*5.9%*	*2.8%*	*2.2%*	*1.8%*	*3.3%*	*3.5%*	*3.8%*	*3.7%*
National (Billions)	8,429	8,539	8,615	8,742	9,040	9,385	9,722	10,059
% Ch	*5.4%*	*1.3%*	*0.9%*	*1.5%*	*3.4%*	*3.8%*	*3.6%*	*3.5%*
PER CAPITA PERS INC - CURR $								
Idaho	24,084	24,959	25,515	25,983	27,044	28,005	29,145	30,362
% Ch	*5.7%*	*3.6%*	*2.2%*	*1.8%*	*4.1%*	*3.6%*	*4.1%*	*4.2%*
National	29,807	30,495	30,874	31,593	33,068	34,591	36,088	37,830
% Ch	*6.9%*	*2.3%*	*1.2%*	*2.3%*	*4.7%*	*4.6%*	*4.3%*	*4.8%*
PER CAPITA PERS INC - 2000 $								
Idaho	24,084	24,460	24,669	24,669	25,118	25,585	26,214	26,731
% Ch	*3.1%*	*1.6%*	*0.9%*	*0.0%*	*1.8%*	*1.9%*	*2.5%*	*2.0%*
National	29,807	29,886	29,851	29,995	30,713	31,602	32,458	33,305
% Ch	*4.3%*	*0.3%*	*-0.1%*	*0.5%*	*2.4%*	*2.9%*	*2.7%*	*2.6%*
AVERAGE ANNUAL WAGE								
Idaho	28,659	28,751	29,182	29,680	30,633	31,761	32,960	34,116
% Ch	*6.2%*	*0.3%*	*1.5%*	*1.7%*	*3.2%*	*3.7%*	*3.8%*	*3.5%*
National	36,642	37,493	38,165	39,251	40,773	42,397	44,065	46,011
% Ch	*5.8%*	*2.3%*	*1.8%*	*2.8%*	*3.9%*	*4.0%*	*3.9%*	*4.4%*

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PERSONAL INCOME--CURRENT $$

	1991	1992	1993	1994	1995	1996	1997	1998	1999
WAGE AND SALARY PAYMENTS									
Idaho (Millions)	8,525	9,295	9,979	10,896	11,701	12,284	13,078	13,936	15,024
% Ch	*7.0%*	*9.0%*	*7.4%*	*9.2%*	*7.4%*	*5.0%*	*6.5%*	*6.6%*	*7.8%*
National (Billions)	2,823	2,980	3,083	3,232	3,419	3,620	3,878	4,183	4,466
% Ch	*2.5%*	*5.6%*	*3.4%*	*4.8%*	*5.8%*	*5.9%*	*7.1%*	*7.9%*	*6.8%*
FARM PROPRIETORS INCOME									
Idaho (Millions)	603	642	836	453	515	643	425	607	690
% Ch	*-21.9%*	*6.5%*	*30.2%*	*-45.8%*	*13.6%*	*25.0%*	*-33.9%*	*42.8%*	*13.7%*
National (Billions)	27	35	31	34	23	37	34	29	29
% Ch	*-16.1%*	*29.1%*	*-9.6%*	*8.8%*	*-33.2%*	*64.6%*	*-8.3%*	*-14.1%*	*-2.7%*
NONFARM PROPRIETORS INCOME									
Idaho (Millions)	1,458	1,769	2,087	2,312	2,229	2,324	2,313	2,480	2,765
% Ch	*-4.4%*	*21.3%*	*18.0%*	*10.8%*	*-3.6%*	*4.2%*	*-0.5%*	*7.2%*	*11.5%*
National (Billions)	350	393	423	439	469	506	542	598	650
% Ch	*0.5%*	*12.2%*	*7.5%*	*4.0%*	*6.8%*	*7.8%*	*7.1%*	*10.4%*	*8.6%*
DIVIDENDS, RENT & INTEREST									
Idaho (Millions)	3,210	3,340	3,568	3,957	4,350	4,718	5,068	5,545	5,546
% Ch	*4.6%*	*4.1%*	*6.8%*	*10.9%*	*9.9%*	*8.5%*	*7.4%*	*9.4%*	*0.0%*
National (Billions)	992	989	997	1,070	1,139	1,221	1,310	1,421	1,412
% Ch	*1.8%*	*-0.3%*	*0.9%*	*7.3%*	*6.4%*	*7.2%*	*7.3%*	*8.4%*	*-0.6%*
OTHER LABOR INCOME									
Idaho (Millions)	2,011	2,235	2,516	2,729	2,846	2,881	2,929	3,063	3,243
% Ch	*10.0%*	*11.2%*	*12.6%*	*8.5%*	*4.3%*	*1.2%*	*1.7%*	*4.6%*	*5.9%*
National (Billions)	407	442	472	493	494	492	498	530	562
% Ch	*7.8%*	*8.7%*	*6.8%*	*4.4%*	*0.1%*	*-0.2%*	*1.0%*	*6.5%*	*6.2%*
GOVT. TRANSFERS TO INDIV.									
Idaho (Millions)	2,194	2,460	2,645	2,789	3,023	3,319	3,408	3,557	3,776
% Ch	*11.5%*	*12.1%*	*7.5%*	*5.5%*	*8.4%*	*9.8%*	*2.7%*	*4.4%*	*6.1%*
National (Billions)	666	749	790	827	877	925	951	979	1,022
% Ch	*12.0%*	*12.4%*	*5.4%*	*4.7%*	*6.1%*	*5.4%*	*2.8%*	*2.9%*	*4.4%*
CONTRIB. FOR SOCIAL INSUR.									
Idaho (Millions)	1,482	1,613	1,767	1,951	2,074	2,134	2,223	2,337	2,480
% Ch	*9.2%*	*8.8%*	*9.5%*	*10.5%*	*6.3%*	*2.9%*	*4.2%*	*5.1%*	*6.1%*
National (Billions)	215	228	240	254	264	275	290	307	323
% Ch	*4.2%*	*6.2%*	*5.0%*	*6.0%*	*3.9%*	*4.1%*	*5.3%*	*6.0%*	*5.3%*
RESIDENCE ADJUSTMENT									
Idaho (Millions)	174	192	210	238	281	326	369	437	504
% Ch	*14.6%*	*9.9%*	*9.5%*	*13.3%*	*18.3%*	*15.9%*	*13.2%*	*18.3%*	*15.4%*

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PERSONAL INCOME--CURRENT $$

	2000	2001	2002	2003	2004	2005	2006	2007
WAGE AND SALARY PAYMENTS								
Idaho (Millions)	16,552	16,893	17,177	17,644	18,448	19,433	20,554	21,721
% Ch	*10.2%*	*2.1%*	*1.7%*	*2.7%*	*4.6%*	*5.3%*	*5.8%*	*5.7%*
National (Billions)	4,829	4,943	4,975	5,100	5,362	5,690	5,995	6,330
% Ch	*8.1%*	*2.4%*	*0.6%*	*2.5%*	*5.1%*	*6.1%*	*5.4%*	*5.6%*
FARM PROPRIETORS INCOME								
Idaho (Millions)	471	644	716	657	784	764	879	852
% Ch	*-31.8%*	*36.9%*	*11.1%*	*-8.3%*	*19.4%*	*-2.5%*	*15.1%*	*-3.1%*
National (Billions)	23	25	14	19	18	17	19	20
% Ch	*-20.7%*	*10.1%*	*-42.8%*	*36.2%*	*-9.9%*	*-3.6%*	*14.8%*	*3.9%*
NONFARM PROPRIETORS INCOME								
Idaho (Millions)	2,883	3,271	3,457	3,659	4,021	4,293	4,466	4,745
% Ch	*4.3%*	*13.5%*	*5.7%*	*5.9%*	*9.9%*	*6.8%*	*4.0%*	*6.3%*
National (Billions)	706	746	783	827	912	971	1,006	1,067
% Ch	*8.6%*	*5.7%*	*5.1%*	*5.6%*	*10.2%*	*6.5%*	*3.7%*	*6.0%*
DIVIDENDS, RENT & INTEREST								
Idaho (Millions)	5,909	6,174	6,302	6,327	6,647	6,999	7,379	7,856
% Ch	*6.5%*	*4.5%*	*2.1%*	*0.4%*	*5.1%*	*5.3%*	*5.4%*	*6.5%*
National (Billions)	1,537	1,538	1,552	1,557	1,629	1,716	1,807	1,915
% Ch	*8.9%*	*0.0%*	*0.9%*	*0.4%*	*4.6%*	*5.3%*	*5.3%*	*6.0%*
OTHER LABOR INCOME								
Idaho (Millions)	3,549	3,644	3,875	4,097	4,390	4,589	4,822	5,047
% Ch	*9.4%*	*2.7%*	*6.3%*	*5.7%*	*7.2%*	*4.5%*	*5.1%*	*4.7%*
National (Billions)	610	643	680	724	787	822	861	903
% Ch	*8.5%*	*5.4%*	*5.9%*	*6.4%*	*8.7%*	*4.5%*	*4.7%*	*4.8%*
GOVT. TRANSFERS TO INDIV.								
Idaho (Millions)	4,079	4,543	4,974	5,384	5,671	5,939	6,372	6,805
% Ch	*8.0%*	*11.4%*	*9.5%*	*8.2%*	*5.3%*	*4.7%*	*7.3%*	*6.8%*
National (Billions)	1,084	1,193	1,292	1,377	1,445	1,503	1,600	1,697
% Ch	*6.1%*	*10.0%*	*8.4%*	*6.6%*	*4.9%*	*4.0%*	*6.5%*	*6.0%*
CONTRIB. FOR SOCIAL INSUR.								
Idaho (Millions)	2,676	2,739	2,814	2,909	3,076	3,260	3,544	3,760
% Ch	*7.9%*	*2.4%*	*2.7%*	*3.4%*	*5.8%*	*6.0%*	*8.7%*	*6.1%*
National (Billions)	344	355	364	379	402	427	460	485
% Ch	*6.2%*	*3.3%*	*2.6%*	*4.0%*	*6.0%*	*6.2%*	*7.7%*	*5.6%*
RESIDENCE ADJUSTMENT								
Idaho (Millions)	525	532	531	544	564	586	612	641
% Ch	*4.1%*	*1.4%*	*-0.2%*	*2.4%*	*3.6%*	*3.9%*	*4.6%*	*4.6%*

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EMPLOYMENT

	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL NONFARM EMPLOYMENT									
Idaho	394,129	413,478	434,503	460,211	477,048	490,901	507,423	520,477	538,095
% Ch	*N/C*	*4.9%*	*5.1%*	*5.9%*	*3.7%*	*2.9%*	*3.4%*	*2.6%*	*3.4%*
National (Thousands)	108,384	108,723	110,847	114,282	117,306	119,699	122,767	125,924	128,992
% Ch	*-1.0%*	*0.3%*	*2.0%*	*3.1%*	*2.6%*	*2.0%*	*2.6%*	*2.6%*	*2.4%*
GOODS PRODUCING SECTOR									
Idaho	80,857	85,009	90,363	97,411	98,310	102,401	105,505	106,974	108,724
% Ch	*N/C*	*5.1%*	*6.3%*	*7.8%*	*0.9%*	*4.2%*	*3.0%*	*1.4%*	*1.6%*
National (Thousands)	22,591	22,094	22,221	22,777	23,161	23,412	23,884	24,352	24,467
% Ch	*-4.8%*	*-2.2%*	*0.6%*	*2.5%*	*1.7%*	*1.1%*	*2.0%*	*2.0%*	*0.5%*
MANUFACTURING									
Idaho	57,409	59,920	63,132	65,718	65,640	68,312	70,185	71,529	71,216
% Ch	*N/C*	*4.4%*	*5.4%*	*4.1%*	*-0.1%*	*4.1%*	*2.7%*	*1.9%*	*-0.4%*
National (Thousands)	17,146	16,879	16,857	17,106	17,327	17,317	17,500	17,640	17,404
% Ch	*-3.6%*	*-1.6%*	*-0.1%*	*1.5%*	*1.3%*	*-0.1%*	*1.1%*	*0.8%*	*-1.3%*
DURABLE MANUFACTURING									
Idaho	30,153	32,118	34,785	37,821	39,958	42,447	44,215	45,893	45,702
% Ch	*N/C*	*6.5%*	*8.3%*	*8.7%*	*5.7%*	*6.2%*	*4.2%*	*3.8%*	*-0.4%*
National (Thousands)	10,298	10,025	9,983	10,214	10,456	10,565	10,785	10,990	10,912
% Ch	*-4.8%*	*-2.6%*	*-0.4%*	*2.3%*	*2.4%*	*1.0%*	*2.1%*	*1.9%*	*-0.7%*
LOGGING & WOOD PRODUCTS									
Idaho	9,760	10,460	10,795	11,773	11,864	12,023	11,898	11,465	11,482
% Ch	*N/C*	*7.2%*	*3.2%*	*9.1%*	*0.8%*	*1.3%*	*-1.0%*	*-3.6%*	*0.1%*
National (Thousands)	577	580	605	643	656	663	677	689	701
% Ch	*-7.7%*	*0.6%*	*4.3%*	*6.2%*	*2.0%*	*1.1%*	*2.1%*	*1.7%*	*1.8%*
METAL FABRICATION									
Idaho	2,460	2,436	2,577	2,958	3,410	3,582	3,793	3,826	3,942
% Ch	*N/C*	*-1.0%*	*5.8%*	*14.8%*	*15.3%*	*5.0%*	*5.9%*	*0.9%*	*3.0%*
National (Thousands)	1,542	1,497	1,510	1,566	1,624	1,648	1,696	1,739	1,728
% Ch	*-4.3%*	*-2.9%*	*0.8%*	*3.7%*	*3.7%*	*1.5%*	*2.9%*	*2.6%*	*-0.6%*
MACHINERY									
Idaho	2,287	2,352	2,613	2,901	3,078	3,189	3,065	3,178	3,039
% Ch	*N/C*	*2.8%*	*11.1%*	*11.0%*	*6.1%*	*3.6%*	*-3.9%*	*3.7%*	*-4.4%*
National (Thousands)	1,345	1,310	1,329	1,379	1,440	1,466	1,494	1,512	1,466
% Ch	*-4.4%*	*-2.7%*	*1.5%*	*3.8%*	*4.4%*	*1.8%*	*1.9%*	*1.3%*	*-3.1%*
COMPUTER & ELECTRONICS									
Idaho	10,696	11,744	13,169	13,646	14,325	16,280	17,727	19,054	18,408
% Ch	*N/C*	*9.8%*	*12.1%*	*3.6%*	*5.0%*	*13.6%*	*8.9%*	*7.5%*	*-3.4%*
National (Thousands)	1,809	1,707	1,656	1,651	1,688	1,747	1,803	1,831	1,781
% Ch	*-4.9%*	*-5.6%*	*-3.0%*	*-0.3%*	*2.3%*	*3.4%*	*3.2%*	*1.5%*	*-2.7%*
OTHER DURABLES									
Idaho	4,949	5,126	5,630	6,543	7,280	7,373	7,732	8,370	8,831
% Ch	*N/C*	*3.6%*	*9.8%*	*16.2%*	*11.3%*	*1.3%*	*4.9%*	*8.3%*	*5.5%*
National (Thousands)	5,025	4,931	4,883	4,975	5,047	5,041	5,115	5,218	5,235
% Ch	*-4.8%*	*-1.9%*	*-1.0%*	*1.9%*	*1.4%*	*-0.1%*	*1.5%*	*2.0%*	*0.3%*

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EMPLOYMENT

	2000	2001	2002	2003	2004	2005	2006	2007
TOTAL NONFARM EMPLOYMENT								
Idaho	558,539	567,975	567,977	572,556	581,463	591,493	603,784	617,212
% Ch	*3.8%*	*1.7%*	*0.0%*	*0.8%*	*1.6%*	*1.7%*	*2.1%*	*2.2%*
National (Thousands)	131,791	131,837	130,343	129,937	131,492	134,195	136,040	137,580
% Ch	*2.2%*	*0.0%*	*-1.1%*	*-0.3%*	*1.2%*	*2.1%*	*1.4%*	*1.1%*
GOODS PRODUCING SECTOR								
Idaho	111,883	110,218	105,014	102,374	102,004	101,249	100,863	101,206
% Ch	*2.9%*	*-1.5%*	*-4.7%*	*-2.5%*	*-0.4%*	*-0.7%*	*-0.4%*	*0.3%*
National (Thousands)	24,653	23,875	22,556	21,817	21,924	22,238	22,388	22,448
% Ch	*0.8%*	*-3.2%*	*-5.5%*	*-3.3%*	*0.5%*	*1.4%*	*0.7%*	*0.3%*
MANUFACTURING								
Idaho	73,035	70,391	66,802	63,866	62,920	63,245	63,902	65,201
% Ch	*2.6%*	*-3.6%*	*-5.1%*	*-4.4%*	*-1.5%*	*0.5%*	*1.0%*	*2.0%*
National (Thousands)	17,345	16,515	15,327	14,592	14,496	14,609	14,663	14,639
% Ch	*-0.3%*	*-4.8%*	*-7.2%*	*-4.8%*	*-0.7%*	*0.8%*	*0.4%*	*-0.2%*
DURABLE MANUFACTURING								
Idaho	47,410	45,097	42,319	39,955	39,737	39,860	40,295	41,351
% Ch	*3.7%*	*-4.9%*	*-6.2%*	*-5.6%*	*-0.5%*	*0.3%*	*1.1%*	*2.6%*
National (Thousands)	10,956	10,408	9,553	9,038	9,046	9,219	9,305	9,304
% Ch	*0.4%*	*-5.0%*	*-8.2%*	*-5.4%*	*0.1%*	*1.9%*	*0.9%*	*0.0%*
LOGGING & WOOD PRODUCTS								
Idaho	11,572	9,852	9,559	9,056	9,203	8,768	8,441	8,532
% Ch	*0.8%*	*-14.9%*	*-3.0%*	*-5.3%*	*1.6%*	*-4.7%*	*-3.7%*	*1.1%*
National (Thousands)	692	647	625	604	615	604	584	579
% Ch	*-1.3%*	*-6.4%*	*-3.4%*	*-3.4%*	*1.7%*	*-1.8%*	*-3.3%*	*-0.8%*
METAL FABRICATION								
Idaho	4,029	3,875	3,635	3,536	3,435	3,510	3,570	3,617
% Ch	*2.2%*	*-3.8%*	*-6.2%*	*-2.7%*	*-2.9%*	*2.2%*	*1.7%*	*1.3%*
National (Thousands)	1,753	1,677	1,549	1,478	1,499	1,515	1,551	1,568
% Ch	*1.5%*	*-4.4%*	*-7.6%*	*-4.5%*	*1.4%*	*1.0%*	*2.4%*	*1.1%*
MACHINERY								
Idaho	3,305	3,055	2,831	2,632	2,609	2,709	2,762	2,820
% Ch	*8.7%*	*-7.5%*	*-7.3%*	*-7.0%*	*-0.9%*	*3.8%*	*2.0%*	*2.1%*
National (Thousands)	1,455	1,368	1,229	1,154	1,158	1,200	1,225	1,226
% Ch	*-0.8%*	*-6.0%*	*-10.1%*	*-6.2%*	*0.4%*	*3.6%*	*2.0%*	*0.2%*
COMPUTER & ELECTRONICS								
Idaho	19,454	19,653	17,928	16,294	16,272	16,575	17,097	17,771
% Ch	*5.7%*	*1.0%*	*-8.8%*	*-9.1%*	*-0.1%*	*1.9%*	*3.1%*	*3.9%*
National (Thousands)	1,820	1,749	1,507	1,361	1,346	1,401	1,393	1,376
% Ch	*2.2%*	*-3.9%*	*-13.8%*	*-9.7%*	*-1.1%*	*4.1%*	*-0.5%*	*-1.3%*
OTHER DURABLES								
Idaho	9,050	8,662	8,366	8,437	8,217	8,298	8,424	8,612
% Ch	*2.5%*	*-4.3%*	*-3.4%*	*0.8%*	*-2.6%*	*1.0%*	*1.5%*	*2.2%*
National (Thousands)	5,236	4,967	4,642	4,441	4,429	4,500	4,552	4,555
% Ch	*0.0%*	*-5.1%*	*-6.5%*	*-4.3%*	*-0.3%*	*1.6%*	*1.2%*	*0.1%*

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EMPLOYMENT

MANUFACTURING (continued)	1991	1992	1993	1994	1995	1996	1997	1998	1999
NONDURABLE MANUFACTURING									
Idaho	27,256	27,802	28,346	27,897	25,682	25,865	25,970	25,636	25,515
% Ch	*N/C*	*2.0%*	*2.0%*	*-1.6%*	*-7.9%*	*0.7%*	*0.4%*	*-1.3%*	*-0.5%*
National (Thousands)	6,848	6,854	6,874	6,892	6,871	6,752	6,715	6,650	6,493
% Ch	*-1.6%*	*0.1%*	*0.3%*	*0.3%*	*-0.3%*	*-1.7%*	*-0.6%*	*-1.0%*	*-2.4%*
FOOD PROCESSING									
Idaho	17,197	17,445	17,856	17,369	16,827	17,119	17,263	16,830	16,705
% Ch	*N/C*	*1.4%*	*2.4%*	*-2.7%*	*-3.1%*	*1.7%*	*0.8%*	*-2.5%*	*-0.7%*
National (Thousands)	1,515	1,519	1,535	1,540	1,561	1,562	1,557	1,555	1,550
% Ch	*0.5%*	*0.3%*	*1.1%*	*0.3%*	*1.3%*	*0.1%*	*-0.3%*	*-0.1%*	*-0.3%*
PRINTING									
Idaho	2,226	2,211	2,231	2,240	2,308	2,365	2,326	2,307	2,234
% Ch	*N/C*	*-0.7%*	*0.9%*	*0.4%*	*3.0%*	*2.5%*	*-1.6%*	*-0.8%*	*-3.2%*
National (Thousands)	792	780	785	802	817	816	821	828	814
% Ch	*-2.0%*	*-1.5%*	*0.6%*	*2.2%*	*1.9%*	*-0.2%*	*0.6%*	*0.8%*	*-1.6%*
CHEMICALS									
Idaho	4,172	4,259	4,210	4,099	2,354	2,330	2,272	2,361	2,313
% Ch	*N/C*	*2.1%*	*-1.1%*	*-2.6%*	*-42.6%*	*-1.0%*	*-2.5%*	*3.9%*	*-2.0%*
National (Thousands)	1,024	1,029	1,025	1,005	988	985	987	993	983
% Ch	*-1.1%*	*0.5%*	*-0.4%*	*-2.0%*	*-1.7%*	*-0.3%*	*0.2%*	*0.6%*	*-1.0%*
OTHER NONDURABLES									
Idaho	3,661	3,887	4,049	4,187	4,193	4,051	4,108	4,138	4,262
% Ch	*N/C*	*6.2%*	*4.2%*	*3.4%*	*0.1%*	*-3.4%*	*1.4%*	*0.7%*	*3.0%*
National (Thousands)	3,517	3,526	3,529	3,545	3,505	3,390	3,350	3,274	3,145
% Ch	*-2.5%*	*0.3%*	*0.1%*	*0.5%*	*-1.1%*	*-3.3%*	*-1.2%*	*-2.3%*	*-3.9%*
MINING									
Idaho	3,098	2,581	2,164	2,367	2,683	2,977	2,996	2,817	2,485
% Ch	*N/C*	*-16.7%*	*-16.1%*	*9.4%*	*13.3%*	*11.0%*	*0.7%*	*-6.0%*	*-11.8%*
National (Thousands)	661	610	585	576	558	556	571	565	518
% Ch	*-2.8%*	*-7.7%*	*-4.1%*	*-1.4%*	*-3.2%*	*-0.3%*	*2.7%*	*-1.1%*	*-8.4%*
CONSTRUCTION									
Idaho	20,350	22,508	25,068	29,326	29,988	31,112	32,323	32,628	35,022
% Ch	*N/C*	*10.6%*	*11.4%*	*17.0%*	*2.3%*	*3.7%*	*3.9%*	*0.9%*	*7.3%*
National (Thousands)	4,784	4,605	4,779	5,094	5,276	5,538	5,813	6,147	6,545
% Ch	*-9.2%*	*-3.7%*	*3.8%*	*6.6%*	*3.6%*	*5.0%*	*5.0%*	*5.8%*	*6.5%*
NON-GOODS PRODUCING									
Idaho	313,272	328,469	344,139	362,800	378,737	388,501	401,919	413,502	429,371
% Ch	*N/C*	*4.9%*	*4.8%*	*5.4%*	*4.4%*	*2.6%*	*3.5%*	*2.9%*	*3.8%*
National (Thousands)	85,793	86,629	88,626	91,505	94,145	96,287	98,883	101,571	104,525
% Ch	*0.0%*	*1.0%*	*2.3%*	*3.2%*	*2.9%*	*2.3%*	*2.7%*	*2.7%*	*2.9%*
SERVICES									
Idaho	155,410	163,210	173,524	185,545	196,054	202,107	210,034	217,464	227,555
% Ch	*N/C*	*5.0%*	*6.3%*	*6.9%*	*5.7%*	*3.1%*	*3.9%*	*3.5%*	*4.6%*
National (Thousands)	49,164	49,904	51,520	53,498	55,382	57,094	59,170	61,256	63,350
% Ch	*0.5%*	*1.5%*	*3.2%*	*3.8%*	*3.5%*	*3.1%*	*3.6%*	*3.5%*	*3.4%*
INFORMATION									
Idaho	6,990	7,083	7,195	7,414	7,602	7,699	7,587	8,376	9,274
% Ch	*N/C*	*1.3%*	*1.6%*	*3.0%*	*2.5%*	*1.3%*	*-1.5%*	*10.4%*	*10.7%*
National (Thousands)	2,678	2,642	2,667	2,739	2,844	2,940	3,084	3,219	3,418
% Ch	*-0.4%*	*-1.3%*	*1.0%*	*2.7%*	*3.8%*	*3.4%*	*4.9%*	*4.4%*	*6.2%*
FINANCIAL ACTIVITIES									
Idaho	21,116	22,104	23,258	24,521	25,494	26,834	26,836	24,256	25,305
% Ch	*N/C*	*4.7%*	*5.2%*	*5.4%*	*4.0%*	*5.3%*	*0.0%*	*-9.6%*	*4.3%*
National (Thousands)	6,559	6,540	6,708	6,866	6,828	6,969	7,178	7,462	7,646
% Ch	*-0.8%*	*-0.3%*	*2.6%*	*2.4%*	*-0.6%*	*2.1%*	*3.0%*	*4.0%*	*2.5%*

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EMPLOYMENT

MANUFACTURING (continued)

	2000	2001	2002	2003	2004	2005	2006	2007
NONDURABLE MANUFACTURING								
Idaho	25,625	25,293	24,483	23,911	23,184	23,385	23,608	23,850
% Ch	*0.4%*	*-1.3%*	*-3.2%*	*-2.3%*	*-3.0%*	*0.9%*	*1.0%*	*1.0%*
National (Thousands)	6,389	6,107	5,774	5,554	5,449	5,390	5,358	5,335
% Ch	*-1.6%*	*-4.4%*	*-5.4%*	*-3.8%*	*-1.9%*	*-1.1%*	*-0.6%*	*-0.4%*
FOOD PROCESSING								
Idaho	16,661	16,522	16,355	15,901	15,457	15,572	15,735	15,906
% Ch	*-0.3%*	*-0.8%*	*-1.0%*	*-2.8%*	*-2.8%*	*0.7%*	*1.1%*	*1.1%*
National (Thousands)	1,553	1,551	1,525	1,518	1,509	1,503	1,507	1,521
% Ch	*0.2%*	*-0.2%*	*-1.7%*	*-0.5%*	*-0.6%*	*-0.4%*	*0.3%*	*0.9%*
PRINTING								
Idaho	2,339	2,225	2,033	2,030	1,871	1,831	1,838	1,843
% Ch	*4.7%*	*-4.9%*	*-8.6%*	*-0.2%*	*-7.8%*	*-2.1%*	*0.4%*	*0.3%*
National (Thousands)	807	769	707	680	663	656	659	663
% Ch	*-0.9%*	*-4.7%*	*-8.1%*	*-3.8%*	*-2.5%*	*-1.1%*	*0.5%*	*0.6%*
CHEMICALS								
Idaho	2,335	2,323	1,924	1,830	1,762	1,742	1,687	1,656
% Ch	*0.9%*	*-0.5%*	*-17.2%*	*-4.9%*	*-3.7%*	*-1.1%*	*-3.2%*	*-1.8%*
National (Thousands)	980	959	928	908	892	894	896	887
% Ch	*-0.2%*	*-2.2%*	*-3.3%*	*-2.1%*	*-1.8%*	*0.2%*	*0.2%*	*-1.0%*
OTHER NONDURABLES								
Idaho	4,289	4,223	4,171	4,151	4,094	4,241	4,347	4,444
% Ch	*0.6%*	*-1.5%*	*-1.2%*	*-0.5%*	*-1.4%*	*3.6%*	*2.5%*	*2.2%*
National (Thousands)	3,048	2,828	2,615	2,448	2,385	2,336	2,296	2,264
% Ch	*-3.1%*	*-7.2%*	*-7.5%*	*-6.4%*	*-2.6%*	*-2.0%*	*-1.7%*	*-1.4%*
MINING								
Idaho	2,347	1,973	1,758	1,784	1,782	1,777	1,549	1,416
% Ch	*-5.5%*	*-15.9%*	*-10.9%*	*1.5%*	*-0.1%*	*-0.3%*	*-12.8%*	*-8.6%*
National (Thousands)	520	533	512	502	522	521	485	456
% Ch	*0.5%*	*2.4%*	*-3.8%*	*-1.9%*	*3.9%*	*-0.2%*	*-6.9%*	*-6.0%*
CONSTRUCTION								
Idaho	36,501	37,855	36,454	36,724	37,302	36,227	35,412	34,589
% Ch	*4.2%*	*3.7%*	*-3.7%*	*0.7%*	*1.6%*	*-2.9%*	*-2.3%*	*-2.3%*
National (Thousands)	6,788	6,828	6,717	6,722	6,907	7,108	7,241	7,353
% Ch	*3.7%*	*0.6%*	*-1.6%*	*0.1%*	*2.7%*	*2.9%*	*1.9%*	*1.6%*
NON-GOODS PRODUCING								
Idaho	446,656	457,757	462,963	470,182	479,460	490,244	502,921	516,006
% Ch	*4.0%*	*2.5%*	*1.1%*	*1.6%*	*2.0%*	*2.2%*	*2.6%*	*2.6%*
National (Thousands)	107,138	107,962	107,787	108,120	109,567	111,957	113,652	115,132
% Ch	*2.5%*	*0.8%*	*-0.2%*	*0.3%*	*1.3%*	*2.2%*	*1.5%*	*1.3%*
SERVICES								
Idaho	238,277	249,571	253,621	260,006	266,969	274,900	284,428	293,715
% Ch	*4.7%*	*4.7%*	*1.6%*	*2.5%*	*2.7%*	*3.0%*	*3.5%*	*3.3%*
National (Thousands)	65,136	65,830	65,600	66,021	67,279	69,174	70,527	71,829
% Ch	*2.8%*	*1.1%*	*-0.3%*	*0.6%*	*1.9%*	*2.8%*	*2.0%*	*1.8%*
INFORMATION								
Idaho	9,860	9,596	9,157	9,182	9,573	10,028	10,355	10,601
% Ch	*6.3%*	*-2.7%*	*-4.6%*	*0.3%*	*4.3%*	*4.8%*	*3.3%*	*2.4%*
National (Thousands)	3,630	3,629	3,394	3,198	3,200	3,220	3,211	3,239
% Ch	*6.2%*	*0.0%*	*-6.5%*	*-5.8%*	*0.1%*	*0.6%*	*-0.3%*	*0.9%*
FINANCIAL ACTIVITIES								
Idaho	25,159	25,012	25,823	26,945	27,749	28,412	28,962	29,427
% Ch	*-0.6%*	*-0.6%*	*3.2%*	*4.3%*	*3.0%*	*2.4%*	*1.9%*	*1.6%*
National (Thousands)	7,688	7,809	7,848	7,974	8,011	8,023	8,081	8,103
% Ch	*0.5%*	*1.6%*	*0.5%*	*1.6%*	*0.5%*	*0.2%*	*0.7%*	*0.3%*

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EMPLOYMENT

	1991	1992	1993	1994	1995	1996	1997	1998	1999
SERVICES (Continued)									
TRANS., WAREHOUSING, UTILITIES									
Idaho	13,478	14,055	14,557	15,465	16,508	17,329	17,624	18,158	19,004
% Ch	*N/C*	*4.3%*	*3.6%*	*6.2%*	*6.7%*	*5.0%*	*1.7%*	*3.0%*	*4.7%*
National (Thousands)	4,200	4,188	4,264	4,390	4,505	4,576	4,647	4,781	4,906
% Ch	*-0.4%*	*-0.3%*	*1.8%*	*2.9%*	*2.6%*	*1.6%*	*1.5%*	*2.9%*	*2.6%*
PROFESSIONAL & BUSINESS									
Idaho	32,720	33,756	36,872	39,173	42,480	42,934	47,295	50,766	54,792
% Ch	*N/C*	*3.2%*	*9.2%*	*6.2%*	*8.4%*	*1.1%*	*10.2%*	*7.3%*	*7.9%*
National (Thousands)	10,715	10,967	11,493	12,171	12,846	13,461	14,333	15,142	15,954
% Ch	*-1.2%*	*2.3%*	*4.8%*	*5.9%*	*5.6%*	*4.8%*	*6.5%*	*5.6%*	*5.4%*
EDUCATION & HEALTH									
Idaho	32,043	34,554	36,841	39,048	41,491	44,361	46,347	49,248	50,575
% Ch	*N/C*	*7.8%*	*6.6%*	*6.0%*	*6.3%*	*6.9%*	*4.5%*	*6.3%*	*2.7%*
National (Thousands)	11,507	11,890	12,303	12,806	13,288	13,683	14,088	14,445	14,795
% Ch	*4.8%*	*3.3%*	*3.5%*	*4.1%*	*3.8%*	*3.0%*	*3.0%*	*2.5%*	*2.4%*
LEISURE & HOSPITALITY									
Idaho	37,432	39,614	41,375	44,569	46,651	47,557	48,839	50,424	51,460
% Ch	*N/C*	*5.8%*	*4.4%*	*7.7%*	*4.7%*	*1.9%*	*2.7%*	*3.2%*	*2.1%*
National (Thousands)	9,256	9,439	9,733	10,098	10,499	10,774	11,016	11,232	11,544
% Ch	*-0.3%*	*2.0%*	*3.1%*	*3.7%*	*4.0%*	*2.6%*	*2.3%*	*2.0%*	*2.8%*
OTHER SERVICES									
Idaho	11,631	12,045	13,426	15,356	15,829	15,393	15,507	16,235	17,145
% Ch	*N/C*	*3.6%*	*11.5%*	*14.4%*	*3.1%*	*-2.8%*	*0.7%*	*4.7%*	*5.6%*
National (Thousands)	4,249	4,240	4,350	4,429	4,572	4,691	4,825	4,976	5,087
% Ch	*-0.3%*	*-0.2%*	*2.6%*	*1.8%*	*3.2%*	*2.6%*	*2.9%*	*3.1%*	*2.2%*
TRADE									
Idaho	72,496	75,916	78,874	83,336	86,215	89,134	91,683	93,772	96,725
% Ch	*N/C*	*4.7%*	*3.9%*	*5.7%*	*3.5%*	*3.4%*	*2.9%*	*2.3%*	*3.1%*
National (Thousands)	18,083	17,939	18,113	18,733	19,328	19,663	20,053	20,405	20,863
% Ch	*-2.0%*	*-0.8%*	*1.0%*	*3.4%*	*3.2%*	*1.7%*	*2.0%*	*1.8%*	*2.2%*
RETAIL TRADE									
Idaho	52,323	54,822	57,743	61,034	63,162	65,408	67,175	69,160	71,419
% Ch	*N/C*	*4.8%*	*5.3%*	*5.7%*	*3.5%*	*3.6%*	*2.7%*	*3.0%*	*3.3%*
National (Thousands)	*12,897*	*12,829*	*13,019*	*13,486*	*13,895*	*14,141*	*14,390*	*14,610*	*14,971*
% Ch	*-2.2%*	*-0.5%*	*1.5%*	*3.6%*	*3.0%*	*1.8%*	*1.8%*	*1.5%*	*2.5%*
WHOLESALE TRADE									
Idaho	20,173	21,094	21,132	22,303	23,053	23,726	24,509	24,612	25,306
% Ch	*N/C*	*4.6%*	*0.2%*	*5.5%*	*3.4%*	*2.9%*	*3.3%*	*0.4%*	*2.8%*
National (Thousands)	5,186	5,110	5,094	5,247	5,433	5,523	5,663	5,795	5,893
% Ch	*-1.6%*	*-1.5%*	*-0.3%*	*3.0%*	*3.5%*	*1.6%*	*2.6%*	*2.3%*	*1.7%*
STATE & LOCAL GOVERNMENT									
Idaho	72,468	75,893	78,166	80,426	83,355	84,360	87,298	89,467	92,258
% Ch	*N/C*	*4.7%*	*3.0%*	*2.9%*	*3.6%*	*1.2%*	*3.5%*	*2.5%*	*3.1%*
National (Thousands)	14,791	15,218	15,436	15,674	15,931	16,258	16,488	16,653	16,854
% Ch	*2.6%*	*2.9%*	*1.4%*	*1.5%*	*1.6%*	*2.1%*	*1.4%*	*1.0%*	*1.2%*
EDUCATION									
Idaho	37,568	38,516	39,830	40,542	42,571	42,572	44,219	45,413	46,750
% Ch	*N/C*	*2.5%*	*3.4%*	*1.8%*	*5.0%*	*0.0%*	*3.9%*	*2.7%*	*2.9%*
NON-EDUCATION									
Idaho	34,900	37,377	38,336	39,884	40,783	41,788	43,079	44,054	45,508
% Ch	*N/C*	*7.1%*	*2.6%*	*4.0%*	*2.3%*	*2.5%*	*3.1%*	*2.3%*	*3.3%*
FEDERAL GOVERNMENT									
Idaho	12,899	13,450	13,575	13,493	13,113	12,899	12,903	12,800	12,834
% Ch	*N/C*	*4.3%*	*0.9%*	*-0.6%*	*-2.8%*	*-1.6%*	*0.0%*	*-0.8%*	*0.3%*
National (Thousands)	3,111	3,112	3,062	3,016	2,947	2,876	2,806	2,771	2,770
% Ch	*-0.4%*	*0.0%*	*-1.6%*	*-1.5%*	*-2.3%*	*-2.4%*	*-2.5%*	*-1.2%*	*0.0%*

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IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JULY 2004

EMPLOYMENT

	2000	2001	2002	2003	2004	2005	2006	2007
SERVICES (Continued)								
TRANS., WAREHOUSING, UTILITIES								
Idaho	19,408	19,154	18,672	18,759	18,881	19,154	19,480	19,860
% Ch	*2.1%*	*-1.3%*	*-2.5%*	*0.5%*	*0.7%*	*1.4%*	*1.7%*	*1.9%*
National (Thousands)	5,012	4,973	4,821	4,758	4,811	4,964	5,087	5,211
% Ch	*2.2%*	*-0.8%*	*-3.1%*	*-1.3%*	*1.1%*	*3.2%*	*2.5%*	*2.4%*
PROFESSIONAL & BUSINESS								
Idaho	60,623	67,649	69,008	69,992	71,717	74,018	77,603	81,084
% Ch	*10.6%*	*11.6%*	*2.0%*	*1.4%*	*2.5%*	*3.2%*	*4.8%*	*4.5%*
National (Thousands)	16,671	16,483	15,976	15,992	16,567	17,493	18,039	18,771
% Ch	*4.5%*	*-1.1%*	*-3.1%*	*0.1%*	*3.6%*	*5.6%*	*3.1%*	*4.1%*
EDUCATION & HEALTH								
Idaho	53,019	56,958	59,813	62,555	64,516	66,503	68,904	71,211
% Ch	*4.8%*	*7.4%*	*5.0%*	*4.6%*	*3.1%*	*3.1%*	*3.6%*	*3.3%*
National (Thousands)	15,108	15,645	16,203	16,580	16,912	17,187	17,502	17,714
% Ch	*2.1%*	*3.6%*	*3.6%*	*2.3%*	*2.0%*	*1.6%*	*1.8%*	*1.2%*
LEISURE & HOSPITALITY								
Idaho	52,563	53,056	53,278	54,402	56,152	57,989	59,853	61,777
% Ch	*2.1%*	*0.9%*	*0.4%*	*2.1%*	*3.2%*	*3.3%*	*3.2%*	*3.2%*
National (Thousands)	11,859	12,032	11,986	12,128	12,384	12,750	12,984	13,089
% Ch	*2.7%*	*1.5%*	*-0.4%*	*1.2%*	*2.1%*	*3.0%*	*1.8%*	*0.8%*
OTHER SERVICES								
Idaho	17,644	18,145	17,870	18,170	18,380	18,796	19,270	19,754
% Ch	*2.9%*	*2.8%*	*-1.5%*	*1.7%*	*1.2%*	*2.3%*	*2.5%*	*2.5%*
National (Thousands)	5,168	5,258	5,372	5,392	5,395	5,535	5,623	5,702
% Ch	*1.6%*	*1.7%*	*2.2%*	*0.4%*	*0.1%*	*2.6%*	*1.6%*	*1.4%*
TRADE								
Idaho	100,169	98,083	97,335	97,106	99,147	101,350	103,692	106,362
% Ch	*3.6%*	*-2.1%*	*-0.8%*	*-0.2%*	*2.1%*	*2.2%*	*2.3%*	*2.6%*
National (Thousands)	21,210	21,012	20,677	20,525	20,702	20,824	21,112	21,260
% Ch	*1.7%*	*-0.9%*	*-1.6%*	*-0.7%*	*0.9%*	*0.6%*	*1.4%*	*0.7%*
RETAIL TRADE								
Idaho	74,457	72,619	72,390	72,612	74,344	76,063	77,893	79,987
% Ch	*4.3%*	*-2.5%*	*-0.3%*	*0.3%*	*2.4%*	*2.3%*	*2.4%*	*2.7%*
National (Thousands)	*15,278*	*15,239*	*15,025*	*14,918*	*15,052*	*15,082*	*15,263*	*15,373*
% Ch	*2.1%*	*-0.3%*	*-1.4%*	*-0.7%*	*0.9%*	*0.2%*	*1.2%*	*0.7%*
WHOLESALE TRADE								
Idaho	25,712	25,464	24,945	24,495	24,803	25,287	25,799	26,375
% Ch	*1.6%*	*-1.0%*	*-2.0%*	*-1.8%*	*1.3%*	*2.0%*	*2.0%*	*2.2%*
National (Thousands)	5,933	5,772	5,653	5,606	5,650	5,741	5,849	5,887
% Ch	*0.7%*	*-2.7%*	*-2.1%*	*-0.8%*	*0.8%*	*1.6%*	*1.9%*	*0.6%*
STATE & LOCAL GOVERNMENT								
Idaho	94,708	96,823	98,457	99,449	100,105	100,776	101,647	102,813
% Ch	*2.7%*	*2.2%*	*1.7%*	*1.0%*	*0.7%*	*0.7%*	*0.9%*	*1.1%*
National (Thousands)	17,928	18,358	18,743	18,816	18,871	19,237	19,291	19,319
% Ch	*6.4%*	*2.4%*	*2.1%*	*0.4%*	*0.3%*	*1.9%*	*0.3%*	*0.1%*
EDUCATION								
Idaho	47,991	49,026	49,656	49,913	50,627	51,118	51,723	52,552
% Ch	*2.7%*	*2.2%*	*1.3%*	*0.5%*	*1.4%*	*1.0%*	*1.2%*	*1.6%*
NON-EDUCATION								
Idaho	46,717	47,797	48,801	49,536	49,478	49,658	49,923	50,261
% Ch	*2.7%*	*2.3%*	*2.1%*	*1.5%*	*-0.1%*	*0.4%*	*0.5%*	*0.7%*
FEDERAL GOVERNMENT								
Idaho	13,502	13,279	13,550	13,621	13,238	13,218	13,154	13,117
% Ch	*5.2%*	*-1.7%*	*2.0%*	*0.5%*	*-2.8%*	*-0.2%*	*-0.5%*	*-0.3%*
National (Thousands)	2,864	2,763	2,766	2,758	2,715	2,723	2,721	2,724
% Ch	*3.4%*	*-3.5%*	*0.1%*	*-0.3%*	*-1.6%*	*0.3%*	*0.0%*	*0.1%*

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IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JULY 2004

MISCELLANEOUS

	1991	1992	1993	1994	1995	1996	1997	1998	1999
SELECTED CHAIN-WEIGHTED DEFL.									
Gross Domestic Product	*84.457*	*86.402*	*88.391*	*90.265*	*92.115*	*93.859*	*95.415*	*96.475*	*97.868*
% Ch	*3.5%*	*2.3%*	*2.3%*	*2.1%*	*2.0%*	*1.9%*	*1.7%*	*1.1%*	*1.4%*
Consumption Expenditures	83.419	85.825	87.804	89.654	91.577	93.547	95.124	95.978	97.575
% Ch	*3.6%*	*2.9%*	*2.3%*	*2.1%*	*2.1%*	*2.2%*	*1.7%*	*0.9%*	*1.7%*
Durable Goods	106.081	106.756	107.841	109.978	110.672	109.507	107.068	104.152	101.626
% Ch	*1.5%*	*0.6%*	*1.0%*	*2.0%*	*0.6%*	*-1.1%*	*-2.2%*	*-2.7%*	*-2.4%*
Nondurable Goods	86.779	88.105	88.973	89.605	90.629	92.567	93.835	93.821	96.173
% Ch	*3.0%*	*1.5%*	*1.0%*	*0.7%*	*1.1%*	*2.1%*	*1.4%*	*0.0%*	*2.5%*
Services	77.497	80.684	83.345	85.748	88.320	90.844	93.305	95.319	97.393
% Ch	*4.4%*	*4.1%*	*3.3%*	*2.9%*	*3.0%*	*2.9%*	*2.7%*	*2.2%*	*2.2%*
Consumer Price Index (1982-84=100)	1.362	1.403	1.445	1.482	1.524	1.569	1.605	1.630	1.666
% Ch	*4.2%*	*3.0%*	*3.0%*	*2.6%*	*2.8%*	*2.9%*	*2.3%*	*1.5%*	*2.2%*
SELECTED INTEREST RATES									
Federal Funds	5.7%	3.5%	3.0%	4.2%	5.8%	5.3%	5.5%	5.4%	5.0%
NY Fed Discount	5.5%	3.3%	3.0%	3.6%	5.2%	5.0%	5.0%	4.9%	4.6%
Prime	8.5%	6.3%	6.0%	7.1%	8.8%	8.3%	8.4%	8.4%	8.0%
Existing Home Mortgage	9.3%	8.1%	7.2%	7.5%	7.8%	7.7%	7.7%	7.1%	7.3%
U.S. Govt. 3-Month Bills	5.4%	3.4%	3.0%	4.2%	5.5%	5.0%	5.1%	4.8%	4.6%
U.S. Govt. 6-Month Bills	5.5%	3.6%	3.1%	4.6%	5.6%	5.1%	5.2%	4.8%	4.7%
U.S. Govt. 5-Year Notes	7.4%	6.2%	5.1%	6.7%	6.4%	6.2%	6.2%	5.2%	5.5%
U.S. Govt. 10-Year Notes	7.9%	7.0%	5.9%	7.1%	6.6%	6.4%	6.4%	5.3%	5.6%
SELECTED US PRODUCTION INDICES									
Wood Products	81.3	85.7	86.7	91.8	94.0	97.1	100.0	105.0	108.8
% Ch	*-6.4%*	*5.5%*	*1.1%*	*5.9%*	*2.4%*	*3.3%*	*3.0%*	*5.0%*	*3.7%*
Computers & Electronic Products	29.8	33.6	37.1	44.2	57.5	73.8	100.0	129.1	169.0
% Ch	*3.8%*	*12.7%*	*10.4%*	*19.1%*	*30.2%*	*28.4%*	*35.5%*	*29.1%*	*30.9%*
Food	92.0	93.8	96.3	96.8	99.3	97.4	100.0	104.3	105.2
% Ch	*1.8%*	*1.9%*	*2.7%*	*0.6%*	*2.6%*	*-2.0%*	*2.7%*	*4.3%*	*0.9%*
Agricultural Chemicals	90.4	94.2	95.0	94.9	94.5	96.4	100.0	102.4	91.8
% Ch	*-3.4%*	*4.2%*	*0.8%*	*-0.2%*	*-0.4%*	*2.0%*	*3.7%*	*2.4%*	*-10.4%*
Metal Ore Mining	84.6	90.8	90.2	91.9	92.8	94.8	100.0	99.6	91.3
% Ch	*-0.2%*	*7.4%*	*-0.7%*	*1.8%*	*1.0%*	*2.2%*	*5.5%*	*-0.4%*	*-8.3%*

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IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JULY 2004

MISCELLANEOUS

	2000	2001	2002	2003	2004	2005	2006	2007
SELECTED CHAIN-WEIGHTED DEFL.								
Gross Domestic Product	*100.000*	*102.376*	*103.949*	*105.686*	*107.858*	*109.765*	*111.469*	*113.647*
% Ch	*2.2%*	*2.4%*	*1.5%*	*1.7%*	*2.1%*	*1.8%*	*1.6%*	*2.0%*
Consumption Expenditures	100.000	102.039	103.429	105.325	107.663	109.456	111.180	113.583
% Ch	*2.5%*	*2.0%*	*1.4%*	*1.8%*	*2.2%*	*1.7%*	*1.6%*	*2.2%*
Durable Goods	100.000	98.086	95.208	91.682	90.095	89.885	89.446	89.260
% Ch	*-1.6%*	*-1.9%*	*-2.9%*	*-3.7%*	*-1.7%*	*-0.2%*	*-0.5%*	*-0.2%*
Nondurable Goods	100.000	101.530	102.075	104.179	107.537	107.631	108.184	110.004
% Ch	*4.0%*	*1.5%*	*0.5%*	*2.1%*	*3.2%*	*0.1%*	*0.5%*	*1.7%*
Services	100.000	103.168	105.946	109.007	111.793	114.947	117.810	121.166
% Ch	*2.7%*	*3.2%*	*2.7%*	*2.9%*	*2.6%*	*2.8%*	*2.5%*	*2.8%*
Consumer Price Index (1982-84=100)	1.722	1.770	1.799	1.840	1.888	1.918	1.943	1.981
% Ch	*3.4%*	*2.8%*	*1.6%*	*2.3%*	*2.7%*	*1.6%*	*1.3%*	*1.9%*
SELECTED INTEREST RATES								
Federal Funds	6.2%	3.9%	1.7%	1.1%	1.3%	2.8%	3.5%	3.5%
NY Fed Discount	5.7%	3.4%	1.2%	2.1%	2.3%	3.8%	4.5%	4.5%
Prime	9.2%	6.9%	4.7%	4.1%	4.3%	5.8%	6.5%	6.5%
Existing Home Mortgage	8.0%	7.0%	6.5%	5.7%	6.1%	6.8%	6.8%	6.8%
U.S. Govt. 3-Month Bills	5.8%	3.4%	1.6%	1.0%	1.3%	2.8%	3.3%	3.2%
U.S. Govt. 6-Month Bills	5.9%	3.4%	1.7%	1.1%	1.5%	3.0%	3.4%	3.4%
U.S. Govt. 5-Year Notes	6.2%	4.6%	3.8%	3.0%	3.8%	5.0%	5.0%	5.0%
U.S. Govt. 10-Year Notes	6.0%	5.0%	4.6%	4.0%	4.7%	5.6%	5.5%	5.5%
SELECTED US PRODUCTION INDICES								
Wood Products	107.2	100.6	100.6	99.1	103.5	98.9	97.5	98.6
% Ch	*-1.5%*	*-6.2%*	*-0.1%*	*-1.4%*	*4.4%*	*-4.4%*	*-1.4%*	*1.1%*
Computers & Electronic Products	224.0	226.1	234.7	266.9	316.9	368.6	420.4	477.0
% Ch	*32.5%*	*1.0%*	*3.8%*	*13.8%*	*18.7%*	*16.3%*	*14.0%*	*13.5%*
Food	106.8	106.9	107.1	106.2	107.6	109.9	112.3	114.6
% Ch	*1.5%*	*0.1%*	*0.2%*	*-0.9%*	*1.3%*	*2.1%*	*2.2%*	*2.1%*
Agricultural Chemicals	84.9	80.6	81.7	80.9	83.8	82.0	81.6	82.1
% Ch	*-7.5%*	*-5.1%*	*1.4%*	*-0.9%*	*3.5%*	*-2.2%*	*-0.4%*	*0.6%*
Metal Ore Mining	90.9	82.6	75.4	72.5	73.7	78.8	83.1	85.8
% Ch	*-0.4%*	*-9.2%*	*-8.8%*	*-3.8%*	*1.6%*	*6.9%*	*5.5%*	*3.3%*

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IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2004

DEMOGRAPHICS

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,336.4	1,339.4	1,342.8	1,345.4	1,356.5	1,360.9	1,365.6	1,367.0	1,377.3	1,382.2	1,387.0	1,392.0
% Ch	*2.6%*	*0.9%*	*1.0%*	*0.8%*	*3.3%*	*1.3%*	*1.4%*	*0.4%*	*3.1%*	*1.4%*	*1.4%*	*1.5%*
National (Millions)	287.487	288.205	289.001	289.703	290.340	291.049	291.837	292.566	293.283	293.987	294.678	295.355
% Ch	*0.9%*	*1.0%*	*1.1%*	*1.0%*	*0.9%*	*1.0%*	*1.1%*	*1.0%*	*1.0%*	*1.0%*	*0.9%*	*0.9%*
BIRTHS												
Idaho (Thousands)	20.897	20.950	21.027	21.077	21.266	21.315	21.377	21.314	21.580	21.647	21.710	21.782
% Ch	*2.0%*	*1.0%*	*1.5%*	*1.0%*	*3.6%*	*0.9%*	*1.2%*	*-1.2%*	*5.1%*	*1.2%*	*1.2%*	*1.3%*
National (Thousands)	3,881	3,883	3,886	3,890	3,894	3,898	3,903	3,909	3,915	3,921	3,928	3,935
% Ch	*0.2%*	*0.2%*	*0.3%*	*0.4%*	*0.4%*	*0.4%*	*0.5%*	*0.6%*	*0.6%*	*0.6%*	*0.7%*	*0.8%*
DEATHS												
Idaho (Thousands)	9.894	9.912	9.955	9.977	10.068	10.102	10.139	10.156	10.225	10.262	10.299	10.337
% Ch	*1.1%*	*0.7%*	*1.7%*	*0.9%*	*3.7%*	*1.4%*	*1.5%*	*0.7%*	*2.7%*	*1.5%*	*1.4%*	*1.5%*
National (Thousands)	2,459	2,465	2,470	2,475	2,480	2,485	2,490	2,495	2,499	2,504	2,510	2,515
% Ch	*0.9%*	*0.9%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*
NET MIGRATION												
Idaho (Thousands)	23.434	1.045	2.392	-0.591	32.929	6.411	7.814	-5.854	30.102	8.195	7.769	8.735
HOUSING												
HOUSING STARTS												
Idaho	11,370	12,211	13,105	16,026	15,690	14,820	16,729	18,093	16,461	16,070	15,397	15,312
% Ch	*7.9%*	*33.0%*	*32.7%*	*123.6%*	*-8.1%*	*-20.4%*	*62.3%*	*36.8%*	*-31.5%*	*-9.2%*	*-15.7%*	*-2.2%*
National (Millions)	1.723	1.691	1.697	1.730	1.747	1.745	1.883	2.035	1.947	1.972	1.856	1.804
% Ch	*45.1%*	*-7.2%*	*1.5%*	*7.8%*	*4.1%*	*-0.5%*	*35.7%*	*36.2%*	*-16.2%*	*5.3%*	*-21.5%*	*-10.8%*
SINGLE UNITS												
Idaho	10,000	10,647	11,308	12,642	12,813	12,634	14,109	15,970	14,460	14,100	13,483	13,467
% Ch	*9.5%*	*28.5%*	*27.2%*	*56.2%*	*5.5%*	*-5.5%*	*55.6%*	*64.1%*	*-32.8%*	*-9.6%*	*-16.4%*	*-0.5%*
National (Millions)	1.370	1.349	1.339	1.395	1.418	1.420	1.522	1.657	1.568	1.611	1.567	1.529
% Ch	*41.5%*	*-6.1%*	*-3.0%*	*17.9%*	*6.9%*	*0.6%*	*32.0%*	*40.4%*	*-19.7%*	*11.4%*	*-10.6%*	*-9.2%*
MULTIPLE UNITS												
Idaho	1,370	1,563	1,797	3,384	2,878	2,187	2,619	2,123	2,002	1,970	1,913	1,845
% Ch	*-3.6%*	*69.6%*	*74.7%*	*1156.9%*	*-47.7%*	*-66.7%*	*105.8%*	*-56.8%*	*-21.0%*	*-6.2%*	*-11.0%*	*-13.5%*
National (Millions)	0.353	0.342	0.359	0.335	0.329	0.325	0.361	0.378	0.378	0.361	0.289	0.274
% Ch	*59.8%*	*-11.6%*	*21.0%*	*-24.2%*	*-7.0%*	*-4.8%*	*52.9%*	*19.8%*	*0.7%*	*-17.4%*	*-58.6%*	*-18.9%*
HOUSING STOCK												
Idaho (Thousands)	438.5	441.2	444.1	447.8	451.4	454.8	458.6	462.8	466.6	470.2	473.7	477.2
% Ch	*2.3%*	*2.5%*	*2.7%*	*3.3%*	*3.2%*	*3.0%*	*3.4%*	*3.7%*	*3.3%*	*3.2%*	*3.0%*	*3.0%*

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2004

DEMOGRAPHICS

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,397.1	1,402.2	1,407.3	1,412.4	1,417.5	1,422.6	1,427.7	1,432.8	1,438.4	1,443.5	1,448.6	1,453.7
% Ch	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.4%*	*1.4%*	*1.4%*	*1.6%*	*1.4%*	*1.4%*	*1.4%*
National (Millions)	296.020	296.671	297.309	297.937	298.566	299.194	299.820	300.446	301.073	301.699	302.325	302.950
% Ch	*0.9%*	*0.9%*	*0.9%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*
BIRTHS												
Idaho (Thousands)	21.857	21.931	22.005	22.079	22.153	22.227	22.301	22.375	22.468	22.542	22.616	22.690
% Ch	*1.4%*	*1.4%*	*1.4%*	*1.4%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*	*1.7%*	*1.3%*	*1.3%*	*1.3%*
National (Thousands)	3,943	3,951	3,959	3,968	3,977	3,986	3,995	4,006	4,017	4,027	4,038	4,049
% Ch	*0.8%*	*0.8%*	*0.8%*	*0.9%*	*0.9%*	*0.9%*	*0.9%*	*1.1%*	*1.1%*	*1.0%*	*1.1%*	*1.1%*
DEATHS												
Idaho (Thousands)	10.376	10.414	10.453	10.491	10.530	10.568	10.607	10.645	10.686	10.725	10.763	10.802
% Ch	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.6%*	*1.4%*	*1.4%*	*1.4%*
National (Thousands)	2,520	2,525	2,531	2,536	2,540	2,545	2,550	2,556	2,561	2,566	2,571	2,576
% Ch	*0.8%*	*0.8%*	*1.0%*	*0.8%*	*0.6%*	*0.8%*	*0.8%*	*0.9%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*
NET MIGRATION												
Idaho (Thousands)	8.899	8.863	8.828	8.792	8.756	8.721	8.685	8.650	10.599	8.563	8.527	8.492
HOUSING												
HOUSING STARTS												
Idaho	15,362	15,084	15,099	14,825	14,661	14,682	14,591	14,398	14,146	13,891	13,638	13,435
% Ch	*1.3%*	*-7.1%*	*0.4%*	*-7.1%*	*-4.3%*	*0.6%*	*-2.4%*	*-5.2%*	*-6.8%*	*-7.0%*	*-7.1%*	*-5.8%*
National (Millions)	1.749	1.697	1.669	1.655	1.644	1.632	1.629	1.632	1.635	1.648	1.658	1.662
% Ch	*-11.6%*	*-11.3%*	*-6.5%*	*-3.2%*	*-2.8%*	*-2.7%*	*-0.7%*	*0.6%*	*0.9%*	*3.2%*	*2.4%*	*1.0%*
SINGLE UNITS												
Idaho	13,546	13,343	13,420	13,205	13,130	13,180	13,118	12,952	12,728	12,501	12,280	12,109
% Ch	*2.4%*	*-5.9%*	*2.3%*	*-6.2%*	*-2.2%*	*1.5%*	*-1.9%*	*-5.0%*	*-6.7%*	*-6.9%*	*-6.9%*	*-5.4%*
National (Millions)	1.475	1.428	1.405	1.400	1.396	1.389	1.383	1.378	1.373	1.375	1.382	1.383
% Ch	*-13.4%*	*-12.2%*	*-6.4%*	*-1.5%*	*-1.0%*	*-2.0%*	*-1.7%*	*-1.5%*	*-1.5%*	*0.8%*	*1.9%*	*0.3%*
MULTIPLE UNITS												
Idaho	1,816	1,740	1,679	1,620	1,531	1,501	1,473	1,447	1,418	1,390	1,358	1,325
% Ch	*-6.1%*	*-15.8%*	*-13.3%*	*-13.3%*	*-20.3%*	*-7.5%*	*-7.3%*	*-6.9%*	*-7.8%*	*-7.6%*	*-8.8%*	*-9.3%*
National (Millions)	0.273	0.269	0.264	0.256	0.248	0.244	0.247	0.254	0.263	0.273	0.277	0.280
% Ch	*-1.5%*	*-6.5%*	*-7.1%*	*-11.9%*	*-11.9%*	*-6.8%*	*5.0%*	*13.0%*	*14.3%*	*16.5%*	*5.4%*	*4.4%*
HOUSING STOCK												
Idaho (Thousands)	480.7	484.1	487.5	490.8	494.1	497.4	500.7	503.9	507.1	510.2	513.2	516.2
% Ch	*3.0%*	*2.9%*	*2.8%*	*2.8%*	*2.7%*	*2.7%*	*2.7%*	*2.6%*	*2.5%*	*2.5%*	*2.4%*	*2.3%*

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2004

OUTPUT, INCOME, & WAGES

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GROSS DOM. PRODUCT (Billions)												
Current Dollars	10,329	10,428	10,542	10,624	10,736	10,847	11,107	11,262	11,460	11,671	11,875	12,060
% Ch	*5.4%*	*3.9%*	*4.4%*	*3.1%*	*4.3%*	*4.2%*	*10.0%*	*5.7%*	*7.2%*	*7.6%*	*7.2%*	*6.4%*
2000 Chain-Weighted	9,998	10,045	10,128	10,161	10,210	10,288	10,493	10,600	10,716	10,842	10,974	11,102
% Ch	*4.7%*	*1.9%*	*3.4%*	*1.3%*	*2.0%*	*3.1%*	*8.2%*	*4.1%*	*4.4%*	*4.8%*	*5.0%*	*4.8%*
PERSONAL INCOME - CURR $												
Idaho (Millions)	33,468	34,207	34,388	34,806	34,669	35,071	35,615	36,256	36,640	37,276	37,691	38,184
% Ch	*0.7%*	*9.1%*	*2.1%*	*5.0%*	*-1.6%*	*4.7%*	*6.4%*	*7.4%*	*4.3%*	*7.1%*	*4.5%*	*5.3%*
Idaho Nonfarm (Millions)	32,584	33,079	33,315	33,543	33,861	34,042	34,485	34,989	35,441	36,027	36,555	37,088
% Ch	*4.3%*	*6.2%*	*2.9%*	*2.8%*	*3.8%*	*2.2%*	*5.3%*	*6.0%*	*5.3%*	*6.8%*	*6.0%*	*6.0%*
National (Billions)	8,804	8,912	8,944	8,981	9,049	9,146	9,256	9,381	9,518	9,664	9,804	9,946
% Ch	*1.5%*	*5.0%*	*1.4%*	*1.7%*	*3.0%*	*4.4%*	*4.9%*	*5.5%*	*6.0%*	*6.3%*	*5.9%*	*5.9%*
PERSONAL INCOME - 2000 $												
Idaho (Millions)	32,649	33,132	33,142	33,402	33,041	33,380	33,751	34,273	34,383	34,685	34,858	35,195
% Ch	*0.0%*	*6.0%*	*0.1%*	*3.2%*	*-4.3%*	*4.2%*	*4.5%*	*6.3%*	*1.3%*	*3.6%*	*2.0%*	*3.9%*
Idaho Nonfarm (Millions)	31,787	32,039	32,107	32,190	32,271	32,401	32,680	33,075	33,258	33,523	33,807	34,185
% Ch	*3.6%*	*3.2%*	*0.9%*	*1.0%*	*1.0%*	*1.6%*	*3.5%*	*4.9%*	*2.2%*	*3.2%*	*3.4%*	*4.5%*
National (Billions)	8,588	8,632	8,620	8,619	8,624	8,705	8,772	8,868	8,932	8,993	9,067	9,167
% Ch	*0.8%*	*2.1%*	*-0.6%*	*0.0%*	*0.2%*	*3.8%*	*3.1%*	*4.4%*	*2.9%*	*2.8%*	*3.3%*	*4.5%*
PER CAPITA PERS INC - CURR $												
Idaho	25,043	25,538	25,609	25,870	25,559	25,771	26,080	26,523	26,602	26,969	27,174	27,430
% Ch	*-1.9%*	*8.1%*	*1.1%*	*4.1%*	*-4.7%*	*3.4%*	*4.9%*	*7.0%*	*1.2%*	*5.6%*	*3.1%*	*3.8%*
National	30,623	30,923	30,948	31,002	31,166	31,424	31,717	32,065	32,454	32,874	33,269	33,674
% Ch	*0.6%*	*4.0%*	*0.3%*	*0.7%*	*2.1%*	*3.4%*	*3.8%*	*4.5%*	*5.0%*	*5.3%*	*4.9%*	*5.0%*
PER CAPITA PERS INC - 2000 $												
Idaho	24,431	24,736	24,681	24,826	24,358	24,529	24,715	25,072	24,964	25,094	25,132	25,283
% Ch	*-2.5%*	*5.1%*	*-0.9%*	*2.4%*	*-7.3%*	*2.8%*	*3.1%*	*5.9%*	*-1.7%*	*2.1%*	*0.6%*	*2.4%*
National	29,874	29,951	29,826	29,751	29,702	29,909	30,058	30,310	30,455	30,589	30,768	31,038
% Ch	*-0.1%*	*1.0%*	*-1.7%*	*-1.0%*	*-0.7%*	*2.8%*	*2.0%*	*3.4%*	*1.9%*	*1.8%*	*2.4%*	*3.6%*
AVERAGE ANNUAL WAGE												
Idaho	29,018	29,086	29,238	29,386	29,483	29,581	29,739	29,918	30,181	30,491	30,771	31,092
% Ch	*1.9%*	*0.9%*	*2.1%*	*2.0%*	*1.3%*	*1.3%*	*2.2%*	*2.4%*	*3.6%*	*4.2%*	*3.7%*	*4.2%*
National	37,908	38,141	38,230	38,381	38,703	39,054	39,430	39,819	40,249	40,538	40,935	41,373
% Ch	*2.2%*	*2.5%*	*0.9%*	*1.6%*	*3.4%*	*3.7%*	*3.9%*	*4.0%*	*4.4%*	*2.9%*	*4.0%*	*4.3%*

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2004

OUTPUT, INCOME, & WAGES

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GROSS DOM. PRODUCT (Billions)												
Current Dollars	12,227	12,372	12,491	12,613	12,757	12,897	13,064	13,239	13,422	13,603	13,775	13,949
% Ch	*5.7%*	*4.8%*	*3.9%*	*3.9%*	*4.7%*	*4.5%*	*5.3%*	*5.5%*	*5.6%*	*5.5%*	*5.1%*	*5.2%*
2000 Chain-Weighted	11,205	11,291	11,357	11,427	11,511	11,595	11,699	11,804	11,904	12,001	12,089	12,178
% Ch	*3.8%*	*3.1%*	*2.4%*	*2.5%*	*3.0%*	*3.0%*	*3.6%*	*3.6%*	*3.4%*	*3.3%*	*3.0%*	*3.0%*
PERSONAL INCOME - CURR $												
Idaho (Millions)	38,684	39,097	39,553	40,034	40,641	41,264	41,839	42,413	42,997	43,607	44,215	44,810
% Ch	*5.3%*	*4.3%*	*4.7%*	*5.0%*	*6.2%*	*6.3%*	*5.7%*	*5.6%*	*5.6%*	*5.8%*	*5.7%*	*5.5%*
Idaho Nonfarm (Millions)	37,558	37,963	38,386	38,849	39,356	39,982	40,583	41,159	41,751	42,363	42,971	43,565
% Ch	*5.2%*	*4.4%*	*4.5%*	*4.9%*	*5.3%*	*6.5%*	*6.2%*	*5.8%*	*5.9%*	*6.0%*	*5.9%*	*5.7%*
National (Billions)	10,096	10,218	10,330	10,449	10,586	10,730	10,885	11,035	11,192	11,349	11,504	11,657
% Ch	*6.2%*	*5.0%*	*4.4%*	*4.7%*	*5.4%*	*5.5%*	*5.9%*	*5.6%*	*5.8%*	*5.7%*	*5.6%*	*5.5%*
PERSONAL INCOME - 2000 $												
Idaho (Millions)	35,539	35,776	36,064	36,388	36,802	37,217	37,553	37,868	38,183	38,505	38,817	39,114
% Ch	*4.0%*	*2.7%*	*3.3%*	*3.6%*	*4.6%*	*4.6%*	*3.7%*	*3.4%*	*3.4%*	*3.4%*	*3.3%*	*3.1%*
Idaho Nonfarm (Millions)	34,505	34,738	35,000	35,311	35,639	36,061	36,426	36,748	37,077	37,406	37,724	38,027
% Ch	*3.8%*	*2.7%*	*3.1%*	*3.6%*	*3.8%*	*4.8%*	*4.1%*	*3.6%*	*3.6%*	*3.6%*	*3.5%*	*3.2%*
National (Billions)	9,275	9,350	9,419	9,497	9,586	9,677	9,770	9,853	9,939	10,021	10,099	10,176
% Ch	*4.8%*	*3.3%*	*3.0%*	*3.4%*	*3.8%*	*3.9%*	*3.9%*	*3.4%*	*3.5%*	*3.4%*	*3.2%*	*3.1%*
PER CAPITA PERS INC - CURR $												
Idaho	27,688	27,882	28,105	28,344	28,670	29,005	29,305	29,601	29,892	30,209	30,523	30,825
% Ch	*3.8%*	*2.8%*	*3.2%*	*3.4%*	*4.7%*	*4.8%*	*4.2%*	*4.1%*	*4.0%*	*4.3%*	*4.2%*	*4.0%*
National	34,104	34,443	34,745	35,071	35,457	35,862	36,305	36,729	37,173	37,617	38,051	38,480
% Ch	*5.2%*	*4.0%*	*3.6%*	*3.8%*	*4.5%*	*4.6%*	*5.0%*	*4.8%*	*4.9%*	*4.9%*	*4.7%*	*4.6%*
PER CAPITA PERS INC - 2000 $												
Idaho	25,437	25,514	25,626	25,763	25,962	26,161	26,303	26,429	26,545	26,675	26,796	26,906
% Ch	*2.5%*	*1.2%*	*1.8%*	*2.2%*	*3.1%*	*3.1%*	*2.2%*	*1.9%*	*1.8%*	*2.0%*	*1.8%*	*1.7%*
National	31,332	31,518	31,681	31,877	32,108	32,345	32,586	32,793	33,011	33,215	33,405	33,588
% Ch	*3.8%*	*2.4%*	*2.1%*	*2.5%*	*2.9%*	*3.0%*	*3.0%*	*2.6%*	*2.7%*	*2.5%*	*2.3%*	*2.2%*
AVERAGE ANNUAL WAGE												
Idaho	31,360	31,591	31,901	32,194	32,531	32,855	33,095	33,358	33,662	33,960	34,268	34,574
% Ch	*3.5%*	*3.0%*	*4.0%*	*3.7%*	*4.3%*	*4.0%*	*3.0%*	*3.2%*	*3.7%*	*3.6%*	*3.7%*	*3.6%*
National	41,841	42,200	42,574	42,971	43,416	43,840	44,271	44,735	45,263	45,763	46,259	46,758
% Ch	*4.6%*	*3.5%*	*3.6%*	*3.8%*	*4.2%*	*4.0%*	*4.0%*	*4.3%*	*4.8%*	*4.5%*	*4.4%*	*4.4%*

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2004

PERSONAL INCOME -- CURR $$

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	16,981	17,108	17,231	17,389	17,545	17,507	17,652	17,871	18,067	18,324	18,566	18,836
% Ch	*2.8%*	*3.0%*	*2.9%*	*3.7%*	*3.6%*	*-0.9%*	*3.4%*	*5.1%*	*4.5%*	*5.8%*	*5.4%*	*5.9%*
National (Billions)	4,945	4,973	4,981	4,999	5,033	5,072	5,119	5,177	5,247	5,319	5,398	5,483
% Ch	*0.8%*	*2.3%*	*0.6%*	*1.5%*	*2.8%*	*3.1%*	*3.7%*	*4.6%*	*5.6%*	*5.6%*	*6.0%*	*6.4%*
FARM PROPRIETORS INCOME												
Idaho (Millions)	514	758	702	890	425	633	722	846	823	860	743	708
% Ch	*-84.6%*	*373.0%*	*-26.4%*	*158.4%*	*-94.8%*	*392.1%*	*69.3%*	*88.5%*	*-10.5%*	*19.5%*	*-44.3%*	*-17.5%*
National (Billions)	12	15	14	16	13	20	21	23	19	20	16	15
% Ch	*-95.8%*	*151.2%*	*-37.7%*	*110.4%*	*-59.5%*	*460.2%*	*32.7%*	*40.4%*	*-57.5%*	*33.5%*	*-62.0%*	*-20.0%*
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	3,365	3,445	3,485	3,531	3,557	3,601	3,704	3,775	3,856	3,996	4,077	4,154
% Ch	*6.0%*	*9.9%*	*4.7%*	*5.4%*	*3.0%*	*5.0%*	*11.9%*	*7.9%*	*8.8%*	*15.3%*	*8.4%*	*7.8%*
National (Billions)	767	781	790	796	801	819	839	851	875	907	925	941
% Ch	*4.4%*	*7.3%*	*4.6%*	*3.2%*	*2.3%*	*9.5%*	*10.4%*	*5.6%*	*11.9%*	*15.2%*	*8.1%*	*7.5%*
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	6,233	6,349	6,339	6,287	6,299	6,255	6,273	6,481	6,517	6,566	6,701	6,805
% Ch	*4.3%*	*7.7%*	*-0.6%*	*-3.2%*	*0.8%*	*-2.8%*	*1.2%*	*13.9%*	*2.3%*	*3.0%*	*8.5%*	*6.4%*
National (Billions)	1,535	1,560	1,560	1,551	1,552	1,544	1,546	1,588	1,602	1,610	1,640	1,665
% Ch	*0.1%*	*6.6%*	*0.1%*	*-2.3%*	*0.2%*	*-2.1%*	*0.7%*	*11.3%*	*3.4%*	*2.2%*	*7.6%*	*6.2%*
OTHER LABOR INCOME												
Idaho (Millions)	3,789	3,852	3,908	3,950	4,038	4,054	4,113	4,183	4,281	4,382	4,420	4,477
% Ch	*9.9%*	*6.8%*	*5.9%*	*4.4%*	*9.2%*	*1.6%*	*5.9%*	*7.0%*	*9.7%*	*9.8%*	*3.5%*	*5.2%*
National (Billions)	667	678	685	692	706	717	731	742	765	786	793	803
% Ch	*5.7%*	*7.0%*	*4.4%*	*4.1%*	*8.5%*	*6.4%*	*7.7%*	*6.0%*	*13.3%*	*11.5%*	*3.5%*	*5.0%*
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	4,844	4,971	5,009	5,072	5,178	5,361	5,498	5,498	5,571	5,635	5,707	5,769
% Ch	*8.0%*	*10.9%*	*3.1%*	*5.1%*	*8.6%*	*14.9%*	*10.6%*	*0.0%*	*5.4%*	*4.6%*	*5.2%*	*4.4%*
National (Billions)	1,261	1,291	1,302	1,316	1,338	1,370	1,399	1,404	1,423	1,437	1,453	1,467
% Ch	*9.5%*	*10.1%*	*3.3%*	*4.4%*	*6.9%*	*10.0%*	*8.7%*	*1.5%*	*5.6%*	*4.0%*	*4.6%*	*3.7%*
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	2,786	2,805	2,820	2,844	2,900	2,886	2,907	2,941	3,030	3,047	3,090	3,138
% Ch	*7.2%*	*2.8%*	*2.2%*	*3.4%*	*8.1%*	*-1.9%*	*2.9%*	*4.8%*	*12.7%*	*2.3%*	*5.7%*	*6.4%*
National (Billions)	361	364	365	367	375	377	380	384	396	398	403	410
% Ch	*5.5%*	*3.5%*	*1.3%*	*1.8%*	*9.2%*	*1.9%*	*3.5%*	*4.3%*	*13.3%*	*1.6%*	*5.7%*	*6.3%*
RESIDENCE ADJUSTMENT												
Idaho (Millions)	529	530	534	531	527	546	559	543	555	561	566	572
% Ch	*0.0%*	*0.8%*	*3.1%*	*-2.2%*	*-3.0%*	*15.2%*	*9.9%*	*-11.0%*	*9.0%*	*4.3%*	*3.9%*	*4.5%*

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2004

PERSONAL INCOME -- CURR $$

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	19,082	19,289	19,548	19,811	20,119	20,432	20,695	20,969	21,278	21,573	21,870	22,162
% Ch	*5.3%*	*4.4%*	*5.5%*	*5.5%*	*6.4%*	*6.4%*	*5.2%*	*5.4%*	*6.0%*	*5.7%*	*5.6%*	*5.5%*
National (Billions)	5,574	5,655	5,729	5,800	5,879	5,953	6,033	6,115	6,204	6,289	6,372	6,456
% Ch	*6.9%*	*5.9%*	*5.3%*	*5.1%*	*5.5%*	*5.2%*	*5.5%*	*5.6%*	*6.0%*	*5.6%*	*5.4%*	*5.3%*
FARM PROPRIETORS INCOME												
Idaho (Millions)	737	745	778	796	895	893	867	863	854	853	852	851
% Ch	*17.3%*	*4.1%*	*19.1%*	*9.4%*	*59.8%*	*-0.8%*	*-11.1%*	*-1.5%*	*-4.2%*	*-0.7%*	*-0.6%*	*-0.4%*
National (Billions)	15	16	18	19	19	20	19	19	20	20	20	21
% Ch	*6.2%*	*20.0%*	*48.3%*	*25.7%*	*16.3%*	*6.7%*	*-11.7%*	*4.6%*	*3.8%*	*9.2%*	*8.7%*	*8.3%*
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	4,224	4,281	4,320	4,349	4,387	4,426	4,490	4,559	4,633	4,711	4,782	4,854
% Ch	*6.9%*	*5.4%*	*3.7%*	*2.8%*	*3.5%*	*3.6%*	*5.9%*	*6.3%*	*6.6%*	*6.9%*	*6.2%*	*6.1%*
National (Billions)	956	968	976	982	990	998	1,011	1,026	1,042	1,059	1,075	1,090
% Ch	*6.6%*	*5.1%*	*3.3%*	*2.4%*	*3.1%*	*3.3%*	*5.6%*	*6.1%*	*6.4%*	*6.7%*	*6.0%*	*5.9%*
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	6,894	6,970	7,021	7,108	7,203	7,321	7,436	7,555	7,676	7,795	7,916	8,037
% Ch	*5.3%*	*4.5%*	*2.9%*	*5.1%*	*5.5%*	*6.7%*	*6.4%*	*6.6%*	*6.6%*	*6.3%*	*6.3%*	*6.3%*
National (Billions)	1,688	1,708	1,722	1,744	1,768	1,795	1,819	1,846	1,873	1,901	1,930	1,958
% Ch	*5.8%*	*4.7%*	*3.5%*	*5.2%*	*5.4%*	*6.2%*	*5.6%*	*5.9%*	*6.0%*	*6.0%*	*6.2%*	*6.1%*
OTHER LABOR INCOME												
Idaho (Millions)	4,518	4,556	4,614	4,667	4,720	4,797	4,853	4,917	4,962	5,022	5,076	5,129
% Ch	*3.7%*	*3.4%*	*5.2%*	*4.7%*	*4.5%*	*6.8%*	*4.7%*	*5.4%*	*3.8%*	*4.9%*	*4.4%*	*4.2%*
National (Billions)	811	816	827	836	844	856	867	879	887	898	908	918
% Ch	*4.2%*	*2.6%*	*5.2%*	*4.5%*	*4.0%*	*5.7%*	*5.2%*	*5.7%*	*3.9%*	*5.1%*	*4.4%*	*4.3%*
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	5,871	5,913	5,951	6,021	6,188	6,306	6,450	6,544	6,662	6,754	6,852	6,953
% Ch	*7.3%*	*2.9%*	*2.6%*	*4.8%*	*11.6%*	*7.9%*	*9.4%*	*5.9%*	*7.4%*	*5.6%*	*6.0%*	*6.0%*
National (Billions)	1,490	1,498	1,505	1,519	1,558	1,585	1,618	1,639	1,665	1,685	1,707	1,729
% Ch	*6.5%*	*2.1%*	*1.8%*	*4.0%*	*10.7%*	*7.0%*	*8.6%*	*5.2%*	*6.5%*	*5.0%*	*5.3%*	*5.3%*
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	3,221	3,239	3,268	3,313	3,472	3,521	3,567	3,616	3,699	3,737	3,777	3,827
% Ch	*11.0%*	*2.2%*	*3.6%*	*5.6%*	*20.7%*	*5.7%*	*5.3%*	*5.6%*	*9.5%*	*4.2%*	*4.4%*	*5.3%*
National (Billions)	421	425	428	433	452	456	462	468	478	483	487	493
% Ch	*11.9%*	*3.3%*	*3.0%*	*4.7%*	*18.9%*	*4.1%*	*5.1%*	*5.3%*	*8.9%*	*3.8%*	*3.8%*	*4.8%*
RESIDENCE ADJUSTMENT												
Idaho (Millions)	578	582	588	594	602	610	616	622	630	637	644	651
% Ch	*3.9%*	*2.9%*	*4.2%*	*4.2%*	*5.2%*	*5.3%*	*4.0%*	*4.3%*	*5.0%*	*4.6%*	*4.6%*	*4.5%*

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2004

EMPLOYMENT

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	564,375	567,346	568,750	571,438	573,994	570,067	571,462	574,699	577,961	580,053	582,517	585,323
% Ch	*0.0%*	*2.1%*	*1.0%*	*1.9%*	*1.8%*	*-2.7%*	*1.0%*	*2.3%*	*2.3%*	*1.5%*	*1.7%*	*1.9%*
National (Thousands)	130,448	130,389	130,287	130,248	130,047	129,878	129,820	130,002	130,367	131,216	131,863	132,521
% Ch	*-1.4%*	*-0.2%*	*-0.3%*	*-0.1%*	*-0.6%*	*-0.5%*	*-0.2%*	*0.6%*	*1.1%*	*2.6%*	*2.0%*	*2.0%*
GOODS PRODUCING SECTOR												
Idaho	104,372	105,056	105,218	105,412	103,956	101,770	101,569	102,200	102,207	102,007	101,997	101,805
% Ch	*-6.6%*	*2.6%*	*0.6%*	*0.7%*	*-5.4%*	*-8.1%*	*-0.8%*	*2.5%*	*0.0%*	*-0.8%*	*0.0%*	*-0.8%*
National (Thousands)	22,867	22,638	22,465	22,252	22,025	21,848	21,718	21,676	21,719	21,890	21,997	22,091
% Ch	*-6.0%*	*-3.9%*	*-3.0%*	*-3.7%*	*-4.0%*	*-3.2%*	*-2.4%*	*-0.8%*	*0.8%*	*3.2%*	*2.0%*	*1.7%*
MANUFACTURING												
Idaho	66,794	66,908	66,911	66,594	65,376	63,866	63,287	62,935	62,511	62,762	63,139	63,269
% Ch	*-5.2%*	*0.7%*	*0.0%*	*-1.9%*	*-7.1%*	*-8.9%*	*-3.6%*	*-2.2%*	*-2.7%*	*1.6%*	*2.4%*	*0.8%*
National (Thousands)	15,575	15,418	15,267	15,049	14,845	14,639	14,478	14,407	14,391	14,474	14,544	14,574
% Ch	*-8.0%*	*-4.0%*	*-3.9%*	*-5.6%*	*-5.3%*	*-5.4%*	*-4.3%*	*-2.0%*	*-0.4%*	*2.3%*	*1.9%*	*0.8%*
DURABLE MANUFACTURING												
Idaho	42,251	42,347	42,397	42,280	41,054	39,839	39,393	39,533	39,381	39,614	39,940	40,011
% Ch	*-5.8%*	*0.9%*	*0.5%*	*-1.1%*	*-11.1%*	*-11.3%*	*-4.4%*	*1.4%*	*-1.5%*	*2.4%*	*3.3%*	*0.7%*
National (Thousands)	9,725	9,620	9,511	9,356	9,204	9,061	8,955	8,932	8,948	9,025	9,082	9,131
% Ch	*-9.5%*	*-4.3%*	*-4.5%*	*-6.4%*	*-6.4%*	*-6.1%*	*-4.6%*	*-1.0%*	*0.7%*	*3.5%*	*2.6%*	*2.2%*
LOGGING & WOOD PRODUCTS												
Idaho	9,487	9,487	9,639	9,623	9,358	8,934	8,868	9,063	9,123	9,180	9,298	9,212
% Ch	*-1.6%*	*0.0%*	*6.6%*	*-0.7%*	*-10.6%*	*-16.9%*	*-2.9%*	*9.1%*	*2.7%*	*2.5%*	*5.3%*	*-3.7%*
National (Thousands)	633	628	624	617	610	605	599	603	603	609	619	626
% Ch	*-2.0%*	*-2.8%*	*-2.9%*	*-4.3%*	*-4.1%*	*-3.7%*	*-3.9%*	*2.6%*	*0.4%*	*3.9%*	*7.0%*	*4.7%*
METAL FABRICATION												
Idaho	3,571	3,643	3,687	3,638	3,631	3,535	3,470	3,508	3,414	3,418	3,444	3,462
% Ch	*-13.1%*	*8.3%*	*4.9%*	*-5.1%*	*-0.8%*	*-10.1%*	*-7.2%*	*4.5%*	*-10.4%*	*0.5%*	*3.1%*	*2.1%*
National (Thousands)	1,567	1,556	1,546	1,525	1,501	1,481	1,465	1,467	1,476	1,498	1,505	1,518
% Ch	*-9.1%*	*-2.8%*	*-2.3%*	*-5.3%*	*-6.4%*	*-5.2%*	*-4.2%*	*0.5%*	*2.4%*	*6.3%*	*1.8%*	*3.4%*
MACHINERY												
Idaho	2,807	2,832	2,868	2,817	2,701	2,656	2,600	2,572	2,570	2,593	2,616	2,660
% Ch	*1.5%*	*3.6%*	*5.2%*	*-6.9%*	*-15.5%*	*-6.5%*	*-8.1%*	*-4.3%*	*-0.3%*	*3.7%*	*3.6%*	*6.9%*
National (Thousands)	1,258	1,240	1,221	1,199	1,177	1,155	1,142	1,140	1,142	1,153	1,157	1,182
% Ch	*-11.2%*	*-5.9%*	*-5.9%*	*-6.9%*	*-7.2%*	*-7.1%*	*-4.6%*	*-0.7%*	*0.6%*	*4.0%*	*1.4%*	*8.9%*
COMPUTER & ELECTRONICS												
Idaho	18,082	18,021	17,835	17,772	16,764	16,229	16,185	15,997	16,106	16,197	16,346	16,439
% Ch	*-6.7%*	*-1.4%*	*-4.1%*	*-1.4%*	*-20.8%*	*-12.2%*	*-1.1%*	*-4.6%*	*2.8%*	*2.3%*	*3.7%*	*2.3%*
National (Thousands)	1,570	1,530	1,486	1,443	1,399	1,368	1,344	1,333	1,335	1,349	1,372	1,327
% Ch	*-14.8%*	*-9.6%*	*-11.2%*	*-11.1%*	*-11.5%*	*-8.6%*	*-6.8%*	*-3.2%*	*0.6%*	*4.3%*	*7.0%*	*-12.5%*
OTHER DURABLES												
Idaho	8,304	8,364	8,368	8,429	8,600	8,485	8,270	8,393	8,168	8,227	8,236	8,238
% Ch	*-7.5%*	*3.0%*	*0.2%*	*2.9%*	*8.4%*	*-5.2%*	*-9.8%*	*6.1%*	*-10.3%*	*2.9%*	*0.5%*	*0.1%*
National (Thousands)	4,698	4,666	4,634	4,572	4,517	4,452	4,405	4,390	4,393	4,416	4,428	4,478
% Ch	*-8.2%*	*-2.7%*	*-2.7%*	*-5.3%*	*-4.8%*	*-5.6%*	*-4.2%*	*-1.4%*	*0.3%*	*2.1%*	*1.2%*	*4.6%*

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
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EMPLOYMENT

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	587,934	590,149	592,572	595,319	598,434	602,060	605,618	609,025	612,497	615,756	618,831	621,763
% Ch	*1.8%*	*1.5%*	*1.7%*	*1.9%*	*2.1%*	*2.4%*	*2.4%*	*2.3%*	*2.3%*	*2.1%*	*2.0%*	*1.9%*
National (Thousands)	133,226	134,015	134,560	134,978	135,407	135,795	136,267	136,690	137,063	137,433	137,756	138,066
% Ch	*2.1%*	*2.4%*	*1.6%*	*1.2%*	*1.3%*	*1.2%*	*1.4%*	*1.2%*	*1.1%*	*1.1%*	*0.9%*	*0.9%*
GOODS PRODUCING SECTOR												
Idaho	101,565	101,370	101,123	100,938	100,833	100,807	100,871	100,941	101,045	101,153	101,264	101,360
% Ch	*-0.9%*	*-0.8%*	*-1.0%*	*-0.7%*	*-0.4%*	*-0.1%*	*0.3%*	*0.3%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*
National (Thousands)	22,224	22,223	22,223	22,280	22,364	22,384	22,403	22,403	22,428	22,442	22,458	22,464
% Ch	*2.4%*	*0.0%*	*0.0%*	*1.0%*	*1.5%*	*0.4%*	*0.3%*	*0.0%*	*0.5%*	*0.3%*	*0.3%*	*0.1%*
MANUFACTURING												
Idaho	63,213	63,215	63,225	63,327	63,493	63,727	64,033	64,356	64,687	65,025	65,372	65,718
% Ch	*-0.4%*	*0.0%*	*0.1%*	*0.6%*	*1.1%*	*1.5%*	*1.9%*	*2.0%*	*2.1%*	*2.1%*	*2.2%*	*2.1%*
National (Thousands)	14,637	14,600	14,587	14,611	14,648	14,665	14,671	14,668	14,669	14,648	14,632	14,609
% Ch	*1.7%*	*-1.0%*	*-0.4%*	*0.7%*	*1.0%*	*0.5%*	*0.2%*	*-0.1%*	*0.0%*	*-0.6%*	*-0.4%*	*-0.6%*
DURABLE MANUFACTURING												
Idaho	39,909	39,858	39,816	39,859	39,973	40,150	40,397	40,659	40,928	41,205	41,493	41,779
% Ch	*-1.0%*	*-0.5%*	*-0.4%*	*0.4%*	*1.1%*	*1.8%*	*2.5%*	*2.6%*	*2.7%*	*2.7%*	*2.8%*	*2.8%*
National (Thousands)	9,220	9,202	9,209	9,245	9,288	9,307	9,313	9,311	9,314	9,304	9,302	9,297
% Ch	*4.0%*	*-0.8%*	*0.3%*	*1.6%*	*1.9%*	*0.8%*	*0.3%*	*-0.1%*	*0.1%*	*-0.4%*	*-0.1%*	*-0.2%*
LOGGING & WOOD PRODUCTS												
Idaho	9,033	8,852	8,663	8,526	8,452	8,428	8,434	8,451	8,479	8,507	8,548	8,593
% Ch	*-7.5%*	*-7.8%*	*-8.3%*	*-6.2%*	*-3.4%*	*-1.1%*	*0.3%*	*0.8%*	*1.3%*	*1.3%*	*1.9%*	*2.1%*
National (Thousands)	616	608	599	592	588	585	582	580	579	579	579	579
% Ch	*-6.7%*	*-4.8%*	*-6.0%*	*-4.5%*	*-2.7%*	*-1.9%*	*-1.9%*	*-1.6%*	*-0.5%*	*-0.5%*	*0.1%*	*0.4%*
METAL FABRICATION												
Idaho	3,483	3,503	3,522	3,535	3,549	3,561	3,578	3,594	3,608	3,618	3,623	3,619
% Ch	*2.3%*	*2.4%*	*2.1%*	*1.5%*	*1.6%*	*1.4%*	*2.0%*	*1.8%*	*1.5%*	*1.2%*	*0.5%*	*-0.4%*
National (Thousands)	1,504	1,509	1,516	1,530	1,543	1,551	1,554	1,557	1,560	1,563	1,570	1,578
% Ch	*-3.6%*	*1.2%*	*2.0%*	*3.6%*	*3.5%*	*2.1%*	*0.8%*	*0.6%*	*0.8%*	*0.9%*	*1.7%*	*1.9%*
MACHINERY												
Idaho	2,677	2,705	2,720	2,733	2,741	2,749	2,769	2,789	2,805	2,816	2,825	2,834
% Ch	*2.5%*	*4.4%*	*2.1%*	*1.9%*	*1.3%*	*1.1%*	*3.1%*	*2.9%*	*2.3%*	*1.6%*	*1.3%*	*1.3%*
National (Thousands)	1,180	1,200	1,206	1,215	1,221	1,222	1,227	1,228	1,229	1,226	1,225	1,226
% Ch	*-0.8%*	*7.0%*	*2.2%*	*2.9%*	*2.2%*	*0.4%*	*1.4%*	*0.5%*	*0.2%*	*-0.8%*	*-0.2%*	*0.1%*
COMPUTER & ELECTRONICS												
Idaho	16,479	16,520	16,591	16,711	16,854	17,011	17,179	17,344	17,504	17,673	17,853	18,052
% Ch	*1.0%*	*1.0%*	*1.7%*	*2.9%*	*3.5%*	*3.8%*	*4.0%*	*3.9%*	*3.8%*	*3.9%*	*4.1%*	*4.5%*
National (Thousands)	1,463	1,394	1,374	1,371	1,381	1,392	1,399	1,400	1,397	1,385	1,368	1,353
% Ch	*47.6%*	*-17.4%*	*-5.7%*	*-0.8%*	*3.0%*	*3.1%*	*1.9%*	*0.4%*	*-0.9%*	*-3.5%*	*-4.8%*	*-4.1%*
OTHER DURABLES												
Idaho	8,238	8,277	8,321	8,354	8,377	8,402	8,437	8,481	8,532	8,591	8,644	8,681
% Ch	*0.0%*	*1.9%*	*2.2%*	*1.6%*	*1.1%*	*1.2%*	*1.7%*	*2.1%*	*2.5%*	*2.8%*	*2.5%*	*1.7%*
National (Thousands)	4,458	4,491	4,514	4,537	4,554	4,556	4,551	4,546	4,549	4,552	4,560	4,561
% Ch	*-1.8%*	*3.0%*	*2.0%*	*2.1%*	*1.5%*	*0.2%*	*-0.4%*	*-0.4%*	*0.2%*	*0.2%*	*0.7%*	*0.1%*

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2004

EMPLOYMENT

MANUFACTURING (continued)

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NONDURABLE MANUFACTURING												
Idaho	24,544	24,560	24,514	24,314	24,323	24,027	23,893	23,402	23,130	23,148	23,199	23,258
% Ch	*-4.2%*	*0.3%*	*-0.8%*	*-3.2%*	*0.1%*	*-4.8%*	*-2.2%*	*-8.0%*	*-4.6%*	*0.3%*	*0.9%*	*1.0%*
National (Thousands)	5,850	5,798	5,756	5,693	5,641	5,578	5,523	5,474	5,443	5,449	5,462	5,443
% Ch	*-5.5%*	*-3.5%*	*-2.9%*	*-4.3%*	*-3.6%*	*-4.4%*	*-3.9%*	*-3.5%*	*-2.3%*	*0.5%*	*0.9%*	*-1.3%*
FOOD PROCESSING												
Idaho	16,425	16,399	16,309	16,288	16,137	15,935	15,929	15,601	15,432	15,445	15,463	15,487
% Ch	*2.8%*	*-0.6%*	*-2.2%*	*-0.5%*	*-3.6%*	*-4.9%*	*-0.2%*	*-8.0%*	*-4.3%*	*0.3%*	*0.5%*	*0.6%*
National (Thousands)	1,536	1,529	1,518	1,518	1,517	1,517	1,524	1,514	1,503	1,507	1,515	1,512
% Ch	*-1.1%*	*-1.7%*	*-3.0%*	*0.2%*	*-0.2%*	*0.0%*	*1.7%*	*-2.5%*	*-3.1%*	*1.3%*	*1.9%*	*-0.7%*
PRINTING												
Idaho	2,026	2,012	2,054	2,039	2,105	2,086	2,006	1,921	1,895	1,877	1,861	1,850
% Ch	*-13.3%*	*-2.8%*	*8.7%*	*-2.9%*	*13.5%*	*-3.5%*	*-14.5%*	*-15.9%*	*-5.3%*	*-3.9%*	*-3.3%*	*-2.3%*
National (Thousands)	726	711	700	690	686	683	679	672	666	664	663	660
% Ch	*-8.3%*	*-7.9%*	*-5.9%*	*-5.9%*	*-2.2%*	*-1.5%*	*-2.6%*	*-3.8%*	*-3.8%*	*-1.2%*	*-0.5%*	*-1.6%*
CHEMICALS												
Idaho	1,977	1,945	1,889	1,886	1,864	1,825	1,835	1,797	1,751	1,758	1,766	1,772
% Ch	*-38.9%*	*-6.2%*	*-11.1%*	*-0.7%*	*-4.6%*	*-8.2%*	*2.2%*	*-7.9%*	*-10.0%*	*1.7%*	*1.9%*	*1.3%*
National (Thousands)	934	929	925	921	919	911	905	898	894	894	890	889
% Ch	*-4.2%*	*-2.3%*	*-1.6%*	*-1.8%*	*-1.2%*	*-3.1%*	*-2.5%*	*-3.4%*	*-1.4%*	*-0.1%*	*-1.8%*	*-0.5%*
OTHER NONDURABLES												
Idaho	4,116	4,205	4,262	4,101	4,216	4,181	4,123	4,082	4,052	4,068	4,109	4,148
% Ch	*-4.2%*	*8.9%*	*5.5%*	*-14.3%*	*11.8%*	*-3.4%*	*-5.4%*	*-3.9%*	*-2.9%*	*1.7%*	*4.1%*	*3.8%*
National (Thousands)	2,654	2,629	2,613	2,564	2,520	2,466	2,415	2,390	2,380	2,384	2,394	2,382
% Ch	*-7.5%*	*-3.8%*	*-2.4%*	*-7.3%*	*-6.7%*	*-8.2%*	*-8.0%*	*-4.1%*	*-1.7%*	*0.6%*	*1.7%*	*-2.0%*
MINING												
Idaho	1,780	1,734	1,769	1,749	1,721	1,778	1,858	1,780	1,764	1,783	1,798	1,782
% Ch	*6.3%*	*-9.9%*	*8.3%*	*-4.6%*	*-6.2%*	*13.8%*	*19.3%*	*-15.7%*	*-3.5%*	*4.4%*	*3.4%*	*-3.6%*
National (Thousands)	522	514	507	505	502	502	502	503	509	523	526	528
% Ch	*-3.4%*	*-6.5%*	*-4.9%*	*-1.6%*	*-2.1%*	*-0.7%*	*0.2%*	*1.0%*	*5.1%*	*11.0%*	*2.6%*	*1.5%*
CONSTRUCTION												
Idaho	35,798	36,413	36,537	37,070	36,858	36,127	36,424	37,486	37,932	37,461	37,060	36,753
% Ch	*-9.6%*	*7.1%*	*1.4%*	*6.0%*	*-2.3%*	*-7.7%*	*3.3%*	*12.2%*	*4.8%*	*-4.9%*	*-4.2%*	*-3.3%*
National (Thousands)	6,769	6,707	6,692	6,698	6,678	6,707	6,738	6,766	6,819	6,893	6,927	6,989
% Ch	*-1.3%*	*-3.7%*	*-0.9%*	*0.4%*	*-1.2%*	*1.8%*	*1.8%*	*1.7%*	*3.1%*	*4.4%*	*2.0%*	*3.6%*
NON-GOODS PRODUCING												
Idaho	460,003	462,290	463,533	466,026	470,039	468,297	469,894	472,498	475,755	478,046	480,519	483,519
% Ch	*1.5%*	*2.0%*	*1.1%*	*2.2%*	*3.5%*	*-1.5%*	*1.4%*	*2.2%*	*2.8%*	*1.9%*	*2.1%*	*2.5%*
National (Thousands)	107,581	107,751	107,821	107,995	108,022	108,030	108,102	108,326	108,648	109,326	109,866	110,430
% Ch	*-0.4%*	*0.6%*	*0.3%*	*0.6%*	*0.1%*	*0.0%*	*0.3%*	*0.8%*	*1.2%*	*2.5%*	*2.0%*	*2.1%*
SERVICES												
Idaho	249,912	253,025	254,503	257,045	258,400	258,684	260,474	262,465	264,067	266,013	267,819	269,977
% Ch	*-0.5%*	*5.1%*	*2.4%*	*4.1%*	*2.1%*	*0.4%*	*2.8%*	*3.1%*	*2.5%*	*3.0%*	*2.7%*	*3.3%*
National (Thousands)	65,447	65,534	65,610	65,809	65,847	65,925	66,041	66,270	66,519	67,069	67,523	68,005
% Ch	*-0.5%*	*0.5%*	*0.5%*	*1.2%*	*0.2%*	*0.5%*	*0.7%*	*1.4%*	*1.5%*	*3.3%*	*2.7%*	*2.9%*
INFORMATION												
Idaho	9,274	9,187	9,002	9,164	9,181	9,163	9,103	9,282	9,368	9,512	9,623	9,790
% Ch	*-7.2%*	*-3.7%*	*-7.8%*	*7.4%*	*0.7%*	*-0.8%*	*-2.6%*	*8.1%*	*3.8%*	*6.3%*	*4.8%*	*7.1%*
National (Thousands)	3,472	3,419	3,364	3,321	3,237	3,204	3,179	3,171	3,167	3,177	3,203	3,253
% Ch	*-7.2%*	*-6.0%*	*-6.3%*	*-5.1%*	*-9.7%*	*-4.1%*	*-3.0%*	*-1.0%*	*-0.5%*	*1.2%*	*3.4%*	*6.4%*
FINANCIAL ACTIVITIES												
Idaho	25,564	25,672	25,901	26,157	26,528	26,844	27,146	27,261	27,464	27,663	27,845	28,024
% Ch	*5.6%*	*1.7%*	*3.6%*	*4.0%*	*5.8%*	*4.9%*	*4.6%*	*1.7%*	*3.0%*	*2.9%*	*2.7%*	*2.6%*
National (Thousands)	7,833	7,827	7,839	7,893	7,931	7,981	7,998	7,985	7,991	8,028	8,030	7,995
% Ch	*-0.2%*	*-0.3%*	*0.6%*	*2.8%*	*1.9%*	*2.5%*	*0.9%*	*-0.6%*	*0.3%*	*1.9%*	*0.1%*	*-1.8%*

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2004

EMPLOYMENT

MANUFACTURING (continued)

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NONDURABLE MANUFACTURING												
Idaho	23,304	23,357	23,409	23,468	23,521	23,577	23,636	23,697	23,759	23,820	23,880	23,940
% Ch	*0.8%*	*0.9%*	*0.9%*	*1.0%*	*0.9%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*
National (Thousands)	5,417	5,398	5,377	5,366	5,361	5,358	5,357	5,357	5,355	5,343	5,330	5,311
% Ch	*-1.9%*	*-1.4%*	*-1.5%*	*-0.8%*	*-0.4%*	*-0.2%*	*0.0%*	*0.0%*	*-0.2%*	*-0.8%*	*-1.0%*	*-1.4%*
FOOD PROCESSING												
Idaho	15,516	15,550	15,590	15,631	15,671	15,713	15,756	15,800	15,843	15,885	15,927	15,969
% Ch	*0.7%*	*0.9%*	*1.0%*	*1.1%*	*1.0%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*
National (Thousands)	1,508	1,505	1,500	1,499	1,501	1,504	1,509	1,515	1,520	1,521	1,522	1,521
% Ch	*-1.0%*	*-0.9%*	*-1.4%*	*-0.2%*	*0.6%*	*0.7%*	*1.3%*	*1.5%*	*1.4%*	*0.3%*	*0.1%*	*-0.2%*
PRINTING												
Idaho	1,834	1,829	1,827	1,831	1,834	1,837	1,840	1,841	1,843	1,844	1,843	1,843
% Ch	*-3.3%*	*-1.2%*	*-0.4%*	*0.8%*	*0.7%*	*0.6%*	*0.5%*	*0.4%*	*0.3%*	*0.2%*	*0.0%*	*-0.2%*
National (Thousands)	657	656	655	656	657	658	660	662	664	664	663	662
% Ch	*-1.8%*	*-0.6%*	*-0.5%*	*0.2%*	*0.7%*	*0.9%*	*1.2%*	*1.1%*	*0.9%*	*0.1%*	*-0.3%*	*-0.5%*
CHEMICALS												
Idaho	1,764	1,751	1,734	1,718	1,703	1,691	1,681	1,673	1,666	1,659	1,653	1,647
% Ch	*-1.8%*	*-2.9%*	*-3.9%*	*-3.7%*	*-3.4%*	*-2.9%*	*-2.3%*	*-1.9%*	*-1.7%*	*-1.5%*	*-1.5%*	*-1.5%*
National (Thousands)	889	893	896	898	898	898	895	893	890	888	886	884
% Ch	*-0.1%*	*1.9%*	*1.6%*	*0.8%*	*0.1%*	*-0.4%*	*-1.0%*	*-1.1%*	*-1.0%*	*-1.0%*	*-0.8%*	*-1.0%*
OTHER NONDURABLES												
Idaho	4,189	4,227	4,258	4,288	4,312	4,335	4,359	4,383	4,407	4,432	4,456	4,481
% Ch	*4.0%*	*3.6%*	*3.0%*	*2.8%*	*2.2%*	*2.2%*	*2.2%*	*2.2%*	*2.2%*	*2.3%*	*2.2%*	*2.2%*
National (Thousands)	2,363	2,344	2,326	2,313	2,304	2,298	2,293	2,288	2,281	2,270	2,259	2,244
% Ch	*-3.2%*	*-3.2%*	*-3.1%*	*-2.1%*	*-1.6%*	*-1.1%*	*-0.8%*	*-0.9%*	*-1.2%*	*-1.8%*	*-2.1%*	*-2.5%*
MINING												
Idaho	1,805	1,825	1,779	1,698	1,631	1,569	1,524	1,473	1,452	1,431	1,409	1,373
% Ch	*5.2%*	*4.6%*	*-9.8%*	*-17.0%*	*-14.9%*	*-14.4%*	*-10.9%*	*-12.7%*	*-5.6%*	*-5.6%*	*-6.2%*	*-9.7%*
National (Thousands)	528	526	518	509	499	490	480	471	464	458	453	448
% Ch	*0.0%*	*-1.5%*	*-5.8%*	*-6.9%*	*-7.8%*	*-7.4%*	*-7.6%*	*-7.4%*	*-6.0%*	*-5.0%*	*-4.3%*	*-3.9%*
CONSTRUCTION												
Idaho	36,547	36,330	36,119	35,912	35,709	35,512	35,314	35,112	34,906	34,696	34,483	34,269
% Ch	*-2.2%*	*-2.4%*	*-2.3%*	*-2.3%*	*-2.2%*	*-2.2%*	*-2.2%*	*-2.3%*	*-2.3%*	*-2.4%*	*-2.4%*	*-2.5%*
National (Thousands)	7,059	7,097	7,118	7,160	7,217	7,230	7,252	7,263	7,295	7,336	7,373	7,407
% Ch	*4.1%*	*2.2%*	*1.2%*	*2.3%*	*3.2%*	*0.7%*	*1.3%*	*0.6%*	*1.8%*	*2.3%*	*2.0%*	*1.9%*
NON-GOODS PRODUCING												
Idaho	486,369	488,779	491,449	494,381	497,601	501,254	504,747	508,084	511,452	514,603	517,567	520,402
% Ch	*2.4%*	*2.0%*	*2.2%*	*2.4%*	*2.6%*	*3.0%*	*2.8%*	*2.7%*	*2.7%*	*2.5%*	*2.3%*	*2.2%*
National (Thousands)	111,003	111,792	112,336	112,698	113,043	113,411	113,864	114,288	114,635	114,991	115,298	115,602
% Ch	*2.1%*	*2.9%*	*2.0%*	*1.3%*	*1.2%*	*1.3%*	*1.6%*	*1.5%*	*1.2%*	*1.2%*	*1.1%*	*1.1%*
SERVICES												
Idaho	272,003	273,762	275,787	278,050	280,473	283,241	285,811	288,189	290,524	292,709	294,808	296,818
% Ch	*3.0%*	*2.6%*	*3.0%*	*3.3%*	*3.5%*	*4.0%*	*3.7%*	*3.4%*	*3.3%*	*3.0%*	*2.9%*	*2.8%*
National (Thousands)	68,505	69,035	69,416	69,739	70,032	70,316	70,695	71,066	71,396	71,697	71,975	72,247
% Ch	*3.0%*	*3.1%*	*2.2%*	*1.9%*	*1.7%*	*1.6%*	*2.2%*	*2.1%*	*1.9%*	*1.7%*	*1.6%*	*1.5%*
INFORMATION												
Idaho	9,878	9,975	10,089	10,172	10,248	10,321	10,391	10,457	10,521	10,578	10,629	10,677
% Ch	*3.6%*	*4.0%*	*4.6%*	*3.3%*	*3.0%*	*2.9%*	*2.7%*	*2.6%*	*2.5%*	*2.2%*	*2.0%*	*1.8%*
National (Thousands)	3,205	3,207	3,239	3,230	3,219	3,208	3,201	3,216	3,229	3,224	3,240	3,262
% Ch	*-5.8%*	*0.2%*	*4.1%*	*-1.0%*	*-1.4%*	*-1.3%*	*-0.9%*	*1.9%*	*1.6%*	*-0.5%*	*2.0%*	*2.8%*
FINANCIAL ACTIVITIES												
Idaho	28,185	28,338	28,491	28,637	28,768	28,899	29,028	29,152	29,269	29,379	29,482	29,580
% Ch	*2.3%*	*2.2%*	*2.2%*	*2.1%*	*1.8%*	*1.8%*	*1.8%*	*1.7%*	*1.6%*	*1.5%*	*1.4%*	*1.3%*
National (Thousands)	8,000	8,013	8,022	8,058	8,080	8,075	8,085	8,084	8,091	8,096	8,105	8,119
% Ch	*0.3%*	*0.7%*	*0.5%*	*1.8%*	*1.1%*	*-0.3%*	*0.5%*	*-0.1%*	*0.4%*	*0.2%*	*0.4%*	*0.7%*

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2004

EMPLOYMENT

SERVICES (Continued)

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TRANS., WAREHOUSING, UTILITIES												
Idaho	18,612	18,696	18,672	18,710	19,020	18,644	18,718	18,653	18,790	18,854	18,913	18,969
% Ch	*-7.5%*	*1.8%*	*-0.5%*	*0.8%*	*6.8%*	*-7.7%*	*1.6%*	*-1.4%*	*3.0%*	*1.4%*	*1.3%*	*1.2%*
National (Thousands)	4,822	4,825	4,827	4,811	4,796	4,762	4,733	4,742	4,763	4,788	4,820	4,871
% Ch	*-2.8%*	*0.3%*	*0.2%*	*-1.4%*	*-1.2%*	*-2.8%*	*-2.4%*	*0.8%*	*1.8%*	*2.0%*	*2.8%*	*4.3%*
PROFESSIONAL & BUSINESS												
Idaho	67,290	68,959	69,472	70,309	69,937	69,776	69,865	70,392	71,044	71,458	71,891	72,476
% Ch	*-1.4%*	*10.3%*	*3.0%*	*4.9%*	*-2.1%*	*-0.9%*	*0.5%*	*3.0%*	*3.8%*	*2.4%*	*2.4%*	*3.3%*
National (Thousands)	15,989	16,024	15,964	15,926	15,893	15,936	16,023	16,114	16,202	16,434	16,662	16,971
% Ch	*-3.6%*	*0.9%*	*-1.5%*	*-0.9%*	*-0.8%*	*1.1%*	*2.2%*	*2.3%*	*2.2%*	*5.8%*	*5.7%*	*7.6%*
EDUCATION & HEALTH												
Idaho	58,901	59,543	60,075	60,733	61,455	62,184	63,044	63,539	63,733	64,262	64,746	65,322
% Ch	*4.6%*	*4.4%*	*3.6%*	*4.5%*	*4.8%*	*4.8%*	*5.7%*	*3.2%*	*1.2%*	*3.4%*	*3.0%*	*3.6%*
National (Thousands)	16,007	16,143	16,283	16,377	16,462	16,559	16,594	16,705	16,774	16,890	16,980	17,004
% Ch	*3.4%*	*3.4%*	*3.5%*	*2.3%*	*2.1%*	*2.4%*	*0.8%*	*2.7%*	*1.7%*	*2.8%*	*2.1%*	*0.6%*
LEISURE & HOSPITALITY												
Idaho	52,577	53,163	53,425	53,947	54,224	54,010	54,401	54,974	55,490	55,932	56,363	56,823
% Ch	*-2.4%*	*4.5%*	*2.0%*	*4.0%*	*2.1%*	*-1.6%*	*2.9%*	*4.3%*	*3.8%*	*3.2%*	*3.1%*	*3.3%*
National (Thousands)	11,971	11,928	11,960	12,086	12,131	12,086	12,120	12,172	12,239	12,355	12,439	12,501
% Ch	*-0.2%*	*-1.4%*	*1.1%*	*4.3%*	*1.5%*	*-1.5%*	*1.1%*	*1.7%*	*2.2%*	*3.8%*	*2.7%*	*2.0%*
OTHER SERVICES												
Idaho	17,694	17,805	17,956	18,025	18,056	18,064	18,197	18,365	18,178	18,332	18,439	18,572
% Ch	*-5.2%*	*2.5%*	*3.4%*	*1.5%*	*0.7%*	*0.2%*	*3.0%*	*3.7%*	*-4.0%*	*3.4%*	*2.3%*	*2.9%*
National (Thousands)	5,352	5,368	5,373	5,395	5,396	5,397	5,393	5,381	5,382	5,397	5,389	5,411
% Ch	*2.9%*	*1.2%*	*0.3%*	*1.6%*	*0.1%*	*0.1%*	*-0.3%*	*-0.9%*	*0.1%*	*1.1%*	*-0.6%*	*1.6%*
TRADE												
Idaho	97,324	97,396	97,482	97,138	97,429	97,020	96,607	97,369	98,261	98,869	99,453	100,007
% Ch	*1.6%*	*0.3%*	*0.4%*	*-1.4%*	*1.2%*	*-1.7%*	*-1.7%*	*3.2%*	*3.7%*	*2.5%*	*2.4%*	*2.2%*
National (Thousands)	20,733	20,723	20,660	20,593	20,556	20,536	20,501	20,506	20,589	20,698	20,753	20,769
% Ch	*-1.9%*	*-0.2%*	*-1.2%*	*-1.3%*	*-0.7%*	*-0.4%*	*-0.7%*	*0.1%*	*1.6%*	*2.1%*	*1.1%*	*0.3%*
RETAIL TRADE												
Idaho	72,392	72,503	72,465	72,201	72,725	72,325	72,416	72,982	73,651	74,126	74,583	75,015
% Ch	*3.5%*	*0.6%*	*-0.2%*	*-1.5%*	*2.9%*	*-2.2%*	*0.5%*	*3.2%*	*3.7%*	*2.6%*	*2.5%*	*2.3%*
National (Thousands)	*15,060*	*15,067*	*15,013*	*14,959*	*14,928*	*14,918*	*14,912*	*14,915*	*14,974*	*15,060*	*15,093*	*15,082*
% Ch	*-1.7%*	*0.2%*	*-1.4%*	*-1.4%*	*-0.8%*	*-0.2%*	*-0.2%*	*0.1%*	*1.6%*	*2.3%*	*0.9%*	*-0.3%*
WHOLESALE TRADE												
Idaho	24,932	24,893	25,017	24,937	24,705	24,695	24,192	24,387	24,610	24,742	24,870	24,992
% Ch	*-3.7%*	*-0.6%*	*2.0%*	*-1.3%*	*-3.7%*	*-0.2%*	*-7.9%*	*3.3%*	*3.7%*	*2.2%*	*2.1%*	*2.0%*
National (Thousands)	*5,673*	*5,656*	*5,648*	*5,634*	*5,628*	*5,618*	*5,589*	*5,591*	*5,616*	*5,638*	*5,660*	*5,688*
% Ch	*-2.4%*	*-1.2%*	*-0.6%*	*-1.0%*	*-0.4%*	*-0.7%*	*-2.0%*	*0.1%*	*1.8%*	*1.6%*	*1.6%*	*2.0%*
STATE & LOCAL GOVERNMENT												
Idaho	99,484	98,556	97,835	97,953	100,472	98,916	99,091	99,318	100,168	99,938	100,016	100,299
% Ch	*7.6%*	*-3.7%*	*-2.9%*	*0.5%*	*10.7%*	*-6.1%*	*0.7%*	*0.9%*	*3.5%*	*-0.9%*	*0.3%*	*1.1%*
National (Thousands)	18,649	18,725	18,785	18,815	18,833	18,802	18,808	18,823	18,826	18,848	18,874	18,936
% Ch	*1.7%*	*1.6%*	*1.3%*	*0.6%*	*0.4%*	*-0.7%*	*0.1%*	*0.3%*	*0.1%*	*0.5%*	*0.5%*	*1.3%*
EDUCATION												
Idaho	49,652	50,094	49,314	49,563	49,842	49,864	49,438	50,510	50,680	50,470	50,552	50,808
% Ch	*-0.7%*	*3.6%*	*-6.1%*	*2.0%*	*2.3%*	*0.2%*	*-3.4%*	*9.0%*	*1.4%*	*-1.7%*	*0.7%*	*2.0%*
NON-EDUCATION												
Idaho	49,832	48,462	48,520	48,390	50,630	49,053	49,652	48,808	49,488	49,468	49,464	49,491
% Ch	*16.9%*	*-10.5%*	*0.5%*	*-1.1%*	*19.8%*	*-11.9%*	*5.0%*	*-6.6%*	*5.7%*	*-0.2%*	*0.0%*	*0.2%*
FEDERAL GOVERNMENT												
Idaho	13,283	13,313	13,712	13,890	13,737	13,677	13,722	13,346	13,259	13,226	13,231	13,236
% Ch	*-3.2%*	*0.9%*	*12.5%*	*5.3%*	*-4.3%*	*-1.7%*	*1.3%*	*-10.5%*	*-2.6%*	*-1.0%*	*0.1%*	*0.1%*
National (Thousands)	2,753	2,769	2,765	2,778	2,787	2,767	2,752	2,726	2,714	2,711	2,716	2,719
% Ch	*-0.1%*	*2.2%*	*-0.5%*	*1.8%*	*1.3%*	*-2.9%*	*-2.2%*	*-3.6%*	*-1.8%*	*-0.3%*	*0.6%*	*0.5%*

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2004

EMPLOYMENT

SERVICES (Continued)	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TRANS., WAREHOUSING, UTILITIES												
Idaho	19,048	19,119	19,190	19,260	19,334	19,427	19,529	19,631	19,732	19,820	19,903	19,983
% Ch	*1.7%*	*1.5%*	*1.5%*	*1.5%*	*1.6%*	*1.9%*	*2.1%*	*2.1%*	*2.1%*	*1.8%*	*1.7%*	*1.6%*
National (Thousands)	4,889	4,952	4,993	5,023	5,048	5,073	5,100	5,127	5,162	5,197	5,228	5,257
% Ch	*1.5%*	*5.2%*	*3.4%*	*2.4%*	*2.0%*	*2.0%*	*2.1%*	*2.2%*	*2.8%*	*2.7%*	*2.4%*	*2.3%*
PROFESSIONAL & BUSINESS												
Idaho	73,077	73,599	74,282	75,115	76,051	77,148	78,148	79,067	79,925	80,736	81,486	82,188
% Ch	*3.4%*	*2.9%*	*3.8%*	*4.6%*	*5.1%*	*5.9%*	*5.3%*	*4.8%*	*4.4%*	*4.1%*	*3.8%*	*3.5%*
National (Thousands)	17,286	17,484	17,553	17,650	17,783	17,921	18,116	18,338	18,543	18,718	18,849	18,973
% Ch	*7.6%*	*4.7%*	*1.6%*	*2.2%*	*3.1%*	*3.1%*	*4.4%*	*5.0%*	*4.5%*	*3.8%*	*2.8%*	*2.7%*
EDUCATION & HEALTH												
Idaho	65,845	66,219	66,690	67,257	67,872	68,627	69,273	69,846	70,403	70,949	71,488	72,004
% Ch	*3.2%*	*2.3%*	*2.9%*	*3.4%*	*3.7%*	*4.5%*	*3.8%*	*3.4%*	*3.2%*	*3.1%*	*3.1%*	*2.9%*
National (Thousands)	17,066	17,152	17,223	17,309	17,379	17,454	17,558	17,616	17,654	17,693	17,736	17,773
% Ch	*1.5%*	*2.0%*	*1.7%*	*2.0%*	*1.6%*	*1.7%*	*2.4%*	*1.3%*	*0.9%*	*0.9%*	*1.0%*	*0.9%*
LEISURE & HOSPITALITY												
Idaho	57,289	57,756	58,222	58,688	59,154	59,620	60,087	60,553	61,078	61,544	62,011	62,477
% Ch	*3.3%*	*3.3%*	*3.3%*	*3.2%*	*3.2%*	*3.2%*	*3.2%*	*3.1%*	*3.5%*	*3.1%*	*3.1%*	*3.0%*
National (Thousands)	12,613	12,708	12,814	12,867	12,912	12,970	13,009	13,046	13,056	13,082	13,101	13,117
% Ch	*3.6%*	*3.0%*	*3.4%*	*1.7%*	*1.4%*	*1.8%*	*1.2%*	*1.2%*	*0.3%*	*0.8%*	*0.6%*	*0.5%*
OTHER SERVICES												
Idaho	18,681	18,757	18,824	18,922	19,045	19,198	19,355	19,484	19,595	19,702	19,809	19,910
% Ch	*2.4%*	*1.6%*	*1.4%*	*2.1%*	*2.6%*	*3.3%*	*3.3%*	*2.7%*	*2.3%*	*2.2%*	*2.2%*	*2.1%*
National (Thousands)	5,447	5,520	5,572	5,603	5,612	5,616	5,627	5,638	5,661	5,687	5,716	5,745
% Ch	*2.7%*	*5.4%*	*3.9%*	*2.2%*	*0.6%*	*0.3%*	*0.8%*	*0.8%*	*1.7%*	*1.8%*	*2.1%*	*2.0%*
TRADE												
Idaho	100,576	101,096	101,609	102,119	102,659	103,320	104,036	104,754	105,449	106,077	106,672	107,249
% Ch	*2.3%*	*2.1%*	*2.0%*	*2.0%*	*2.1%*	*2.6%*	*2.8%*	*2.8%*	*2.7%*	*2.4%*	*2.3%*	*2.2%*
National (Thousands)	20,710	20,808	20,858	20,919	21,007	21,091	21,154	21,197	21,239	21,271	21,266	21,265
% Ch	*-1.1%*	*1.9%*	*1.0%*	*1.2%*	*1.7%*	*1.6%*	*1.2%*	*0.8%*	*0.8%*	*0.6%*	*-0.1%*	*0.0%*
RETAIL TRADE												
Idaho	75,460	75,865	76,264	76,661	77,082	77,601	78,163	78,727	79,272	79,764	80,230	80,680
% Ch	*2.4%*	*2.2%*	*2.1%*	*2.1%*	*2.2%*	*2.7%*	*2.9%*	*2.9%*	*2.8%*	*2.5%*	*2.4%*	*2.3%*
National (Thousands)	*15,046*	*15,080*	*15,089*	*15,114*	*15,173*	*15,246*	*15,299*	*15,335*	*15,365*	*15,385*	*15,376*	*15,367*
% Ch	*-0.9%*	*0.9%*	*0.2%*	*0.7%*	*1.6%*	*2.0%*	*1.4%*	*0.9%*	*0.8%*	*0.5%*	*-0.2%*	*-0.2%*
WHOLESALE TRADE												
Idaho	25,116	25,231	25,345	25,458	25,576	25,719	25,873	26,027	26,176	26,313	26,442	26,569
% Ch	*2.0%*	*1.8%*	*1.8%*	*1.8%*	*1.9%*	*2.3%*	*2.4%*	*2.4%*	*2.3%*	*2.1%*	*2.0%*	*1.9%*
National (Thousands)	*5,664*	*5,728*	*5,769*	*5,805*	*5,834*	*5,844*	*5,856*	*5,862*	*5,874*	*5,885*	*5,890*	*5,897*
% Ch	*-1.7%*	*4.6%*	*2.9%*	*2.5%*	*2.0%*	*0.7%*	*0.8%*	*0.5%*	*0.8%*	*0.8%*	*0.3%*	*0.5%*
STATE & LOCAL GOVERNMENT												
Idaho	100,555	100,685	100,843	101,021	101,294	101,532	101,754	102,007	102,350	102,697	102,975	103,231
% Ch	*1.0%*	*0.5%*	*0.6%*	*0.7%*	*1.1%*	*0.9%*	*0.9%*	*1.0%*	*1.4%*	*1.4%*	*1.1%*	*1.0%*
National (Thousands)	19,066	19,225	19,339	19,318	19,282	19,283	19,294	19,303	19,278	19,301	19,333	19,364
% Ch	*2.8%*	*3.4%*	*2.4%*	*-0.4%*	*-0.7%*	*0.0%*	*0.2%*	*0.2%*	*-0.5%*	*0.5%*	*0.7%*	*0.6%*
EDUCATION												
Idaho	50,998	51,055	51,147	51,273	51,478	51,648	51,794	51,973	52,219	52,478	52,670	52,841
% Ch	*1.5%*	*0.4%*	*0.7%*	*1.0%*	*1.6%*	*1.3%*	*1.1%*	*1.4%*	*1.9%*	*2.0%*	*1.5%*	*1.3%*
NON-EDUCATION												
Idaho	49,557	49,630	49,697	49,748	49,816	49,884	49,960	50,034	50,131	50,219	50,305	50,390
% Ch	*0.5%*	*0.6%*	*0.5%*	*0.4%*	*0.6%*	*0.5%*	*0.6%*	*0.6%*	*0.8%*	*0.7%*	*0.7%*	*0.7%*
FEDERAL GOVERNMENT												
Idaho	13,234	13,236	13,210	13,191	13,176	13,161	13,146	13,135	13,129	13,121	13,113	13,105
% Ch	*0.0%*	*0.1%*	*-0.8%*	*-0.6%*	*-0.5%*	*-0.5%*	*-0.5%*	*-0.3%*	*-0.2%*	*-0.2%*	*-0.2%*	*-0.2%*
National (Thousands)	2,722	2,725	2,723	2,722	2,722	2,721	2,721	2,722	2,722	2,723	2,724	2,725
% Ch	*0.4%*	*0.4%*	*-0.3%*	*-0.1%*	*0.0%*	*0.0%*	*0.0%*	*0.1%*	*0.1%*	*0.2%*	*0.2%*	*0.2%*

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2004

MISCELLANEOUS

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	*103.364*	*103.738*	*104.123*	*104.571*	*105.163*	*105.440*	*105.870*	*106.270*	*106.958*	*107.647*	*108.205*	*108.623*
% Ch	*1.1%*	*1.5%*	*1.5%*	*1.7%*	*2.3%*	*1.1%*	*1.6%*	*1.5%*	*2.6%*	*2.6%*	*2.1%*	*1.6%*
Consumption Expenditures	102.507	103.245	103.761	104.203	104.927	105.065	105.522	105.787	106.564	107.469	108.128	108.492
% Ch	*0.7%*	*2.9%*	*2.0%*	*1.7%*	*2.8%*	*0.5%*	*1.8%*	*1.0%*	*3.0%*	*3.4%*	*2.5%*	*1.4%*
Durable Goods	96.268	95.574	94.855	94.136	93.074	92.147	91.207	90.298	90.232	90.196	90.024	89.927
% Ch	*-3.5%*	*-2.9%*	*-3.0%*	*-3.0%*	*-4.4%*	*-3.9%*	*-4.0%*	*-3.9%*	*-0.3%*	*-0.2%*	*-0.8%*	*-0.4%*
Nondurable Goods	100.780	102.194	102.538	102.789	104.079	103.529	104.488	104.618	105.980	107.877	108.311	107.981
% Ch	*-0.1%*	*5.7%*	*1.4%*	*1.0%*	*5.1%*	*-2.1%*	*3.8%*	*0.5%*	*5.3%*	*7.4%*	*1.6%*	*-1.2%*
Services	104.754	105.485	106.371	107.174	108.028	108.758	109.306	109.935	110.622	111.254	112.233	113.064
% Ch	*2.0%*	*2.8%*	*3.4%*	*3.1%*	*3.2%*	*2.7%*	*2.0%*	*2.3%*	*2.5%*	*2.3%*	*3.6%*	*3.0%*
Consumer Price Index	1.780	1.795	1.805	1.814	1.831	1.834	1.845	1.848	1.864	1.887	1.899	1.904
% Ch	*1.3%*	*3.5%*	*2.2%*	*1.9%*	*3.9%*	*0.6%*	*2.3%*	*0.7%*	*3.6%*	*4.8%*	*2.6%*	*1.1%*
SELECTED INTEREST RATES												
Federal Funds	1.7%	1.8%	1.7%	1.4%	1.3%	1.2%	1.0%	1.0%	1.0%	1.0%	1.4%	1.7%
NY Fed Discount	1.3%	1.3%	1.3%	1.0%	2.1%	2.2%	2.0%	2.0%	2.0%	2.0%	2.4%	2.7%
Prime	4.8%	4.8%	4.8%	4.5%	4.3%	4.2%	4.0%	4.0%	4.0%	4.0%	4.4%	4.7%
Existing Home Mortgage	6.9%	6.8%	6.4%	6.1%	5.9%	5.6%	5.7%	5.8%	5.6%	5.8%	6.4%	6.5%
U.S. Govt. 3-Month Bills	1.7%	1.7%	1.6%	1.4%	1.2%	1.0%	0.9%	0.9%	0.9%	1.0%	1.4%	1.7%
U.S. Govt. 6-Month Bills	1.8%	1.9%	1.6%	1.4%	1.2%	1.1%	1.0%	1.0%	1.0%	1.3%	1.7%	2.0%
U.S. Govt. 5-Year Notes	4.5%	4.4%	3.3%	3.0%	2.9%	2.6%	3.1%	3.3%	3.0%	3.7%	4.1%	4.3%
U.S. Govt. 10-Year Notes	5.1%	5.1%	4.3%	4.0%	3.9%	3.6%	4.2%	4.3%	4.0%	4.6%	5.0%	5.2%
SELECTED US PRODUCTION INDICES												
Wood Products	102.0	101.5	100.1	98.7	98.0	97.3	99.0	102.3	103.2	104.2	104.1	102.6
% Ch	*6.1%*	*-2.0%*	*-5.4%*	*-5.7%*	*-2.7%*	*-2.8%*	*7.2%*	*14.3%*	*3.3%*	*4.0%*	*-0.5%*	*-5.5%*
Computers & Electronic Products	225.2	229.7	237.8	245.9	253.1	257.7	272.5	284.5	296.1	309.8	323.7	337.7
% Ch	*6.0%*	*8.2%*	*14.9%*	*14.4%*	*12.2%*	*7.5%*	*25.0%*	*18.8%*	*17.3%*	*19.8%*	*19.2%*	*18.5%*
Food	107.8	107.4	106.9	106.4	106.4	106.2	105.9	106.2	107.1	107.3	107.7	108.3
% Ch	*3.0%*	*-1.4%*	*-1.8%*	*-2.0%*	*0.2%*	*-0.9%*	*-0.9%*	*1.0%*	*3.3%*	*1.0%*	*1.5%*	*2.0%*
Agricultural Chemicals	80.1	82.4	83.4	80.9	79.9	80.4	80.3	83.1	83.8	84.4	83.8	83.2
% Ch	*-10.8%*	*12.0%*	*5.0%*	*-11.4%*	*-4.8%*	*2.3%*	*-0.4%*	*14.8%*	*3.3%*	*2.9%*	*-3.0%*	*-2.9%*
Metal Ore Mining	72.7	75.7	76.1	76.9	73.7	71.0	73.9	71.4	72.7	72.9	73.9	75.2
% Ch	*-29.7%*	*17.5%*	*1.9%*	*4.6%*	*-15.9%*	*-13.7%*	*17.6%*	*-13.1%*	*7.3%*	*1.3%*	*5.6%*	*7.2%*

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2004

MISCELLANEOUS

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	*109.118*	*109.581*	*109.984*	*110.378*	*110.825*	*111.229*	*111.664*	*112.158*	*112.755*	*113.349*	*113.945*	*114.540*
% Ch	*1.8%*	*1.7%*	*1.5%*	*1.4%*	*1.6%*	*1.5%*	*1.6%*	*1.8%*	*2.1%*	*2.1%*	*2.1%*	*2.1%*
Consumption Expenditures	108.848	109.283	109.674	110.019	110.431	110.873	111.412	112.003	112.608	113.252	113.907	114.564
% Ch	*1.3%*	*1.6%*	*1.4%*	*1.3%*	*1.5%*	*1.6%*	*2.0%*	*2.1%*	*2.2%*	*2.3%*	*2.3%*	*2.3%*
Durable Goods	89.966	89.963	89.883	89.729	89.601	89.484	89.382	89.319	89.293	89.272	89.252	89.221
% Ch	*0.2%*	*0.0%*	*-0.4%*	*-0.7%*	*-0.6%*	*-0.5%*	*-0.5%*	*-0.3%*	*-0.1%*	*-0.1%*	*-0.1%*	*-0.1%*
Nondurable Goods	107.597	107.666	107.669	107.594	107.716	107.890	108.311	108.819	109.254	109.748	110.257	110.760
% Ch	*-1.4%*	*0.3%*	*0.0%*	*-0.3%*	*0.5%*	*0.6%*	*1.6%*	*1.9%*	*1.6%*	*1.8%*	*1.9%*	*1.8%*
Services	113.875	114.606	115.312	115.996	116.690	117.409	118.171	118.969	119.820	120.710	121.612	122.524
% Ch	*2.9%*	*2.6%*	*2.5%*	*2.4%*	*2.4%*	*2.5%*	*2.6%*	*2.7%*	*2.9%*	*3.0%*	*3.0%*	*3.0%*
Consumer Price Index	1.909	1.916	1.922	1.926	1.932	1.938	1.947	1.956	1.965	1.976	1.986	1.997
% Ch	*1.1%*	*1.5%*	*1.2%*	*1.0%*	*1.2%*	*1.3%*	*1.7%*	*1.9%*	*1.9%*	*2.1%*	*2.1%*	*2.2%*
SELECTED INTEREST RATES												
Federal Funds	2.2%	2.6%	3.0%	3.4%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
NY Fed Discount	3.2%	3.6%	4.0%	4.4%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Prime	5.2%	5.6%	6.0%	6.4%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Existing Home Mortgage	6.6%	6.8%	6.9%	7.0%	6.9%	6.9%	6.8%	6.8%	6.8%	6.8%	6.9%	6.9%
U.S. Govt. 3-Month Bills	2.2%	2.7%	3.1%	3.3%	3.3%	3.3%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
U.S. Govt. 6-Month Bills	2.5%	2.9%	3.2%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
U.S. Govt. 5-Year Notes	4.7%	4.9%	5.1%	5.2%	5.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
U.S. Govt. 10-Year Notes	5.4%	5.5%	5.6%	5.7%	5.6%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
SELECTED US PRODUCTION INDICES												
Wood Products	101.0	99.4	97.9	97.3	97.3	97.5	97.6	97.8	98.1	98.4	98.7	99.0
% Ch	*-6.0%*	*-6.2%*	*-6.0%*	*-2.3%*	*0.0%*	*0.5%*	*0.6%*	*0.9%*	*1.2%*	*1.3%*	*1.2%*	*1.3%*
Computers & Electronic Products	351.1	363.1	374.3	386.0	398.9	413.0	427.4	442.1	456.6	470.4	483.6	497.5
% Ch	*16.8%*	*14.5%*	*12.9%*	*13.1%*	*14.1%*	*14.8%*	*14.7%*	*14.5%*	*13.7%*	*12.6%*	*11.8%*	*12.0%*
Food	108.9	109.6	110.2	110.8	111.4	112.0	112.6	113.2	113.8	114.3	114.9	115.5
% Ch	*2.4%*	*2.6%*	*2.3%*	*2.2%*	*2.2%*	*2.1%*	*2.0%*	*2.1%*	*2.1%*	*2.0%*	*2.1%*	*2.1%*
Agricultural Chemicals	82.6	82.1	81.7	81.5	81.5	81.6	81.7	81.8	81.9	82.0	82.2	82.3
% Ch	*-2.7%*	*-2.5%*	*-1.8%*	*-0.9%*	*0.0%*	*0.3%*	*0.4%*	*0.5%*	*0.6%*	*0.6%*	*0.7%*	*0.8%*
Metal Ore Mining	76.7	78.1	79.5	80.7	81.9	82.7	83.5	84.2	84.9	85.5	86.1	86.7
% Ch	*8.2%*	*7.5%*	*7.4%*	*6.2%*	*6.1%*	*4.0%*	*3.9%*	*3.4%*	*3.4%*	*2.9%*	*2.8%*	*2.8%*

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APPENDIX

THE GLOBAL INSIGHT U.S. MACROECONOMIC MODEL

Global Insight's Macroeconomic Model is a multiple-equation model of the U.S. economy. Consisting of over 1,200 equations, the model is solved iteratively to generate the results of different policy and forecast scenarios. The model incorporates the best insights of many theoretical schools of thought to depict the economic decision processes and interactions of households, businesses, and governments.

The Global Insight model is divided into the following eight major sectors:

I Private Domestic Spending
II Production and Income
III Taxes
IV International Transactions
V Financial
VI Inflation
VII Supply
VIII Expectations

I. **Private Domestic Spending.** Major aggregate demand components include consumption, investment, and government. Consumer purchases are divided among three categories: durable goods, nondurable goods, and services. In nearly all cases, real expenditures are influenced by real income and the relative price of consumer goods. Durable and semidurable goods are also sensitive to household net worth, current finance costs, and consumer sentiment.

Global Insight divides investment into two general categories: fixed investment and inventories. The former is driven by utilization rates, capital stock, relative prices, financial market conditions, financial balance sheet conditions, and government policies. Inventory investment is heavily influenced by such factors as past and present sales levels, vendor performance, and utilization rates.

The government sector is divided into federal government and state and local government. Most of the federal expenditure side is exogenous. Federal receipts are endogenous and divided into personal taxes, corporate taxes, indirect business taxes, and contributions for social insurance. State and local sector receipts depend primarily on federal grants and various tax rates and bases. State and local government spending is driven by legal requirements (i.e., balanced budgets), the level of federal grants (due to the matching requirements of many programs), population growth, and trend increases in personal income.

II. **Production and Income.** The industrial production sector includes 74 standard industrial classifications. Production is a function of various cyclical and trend variables and a generated output term, i.e., the input-output (I-O) relationship between the producing industry and both intermediate industries and final demand. The cyclical and trend variables correct for changes in I-O coefficients that are implied by the changing relationship between buyers and sellers.

Pre-tax income categories include private and government wages, corporate profits, interest rate, and entrepreneurial returns. Each of these categories, except corporate profits, is determined by some combination of wages, prices, interest rates, debt levels, capacity utilization rate, and unemployment rate. Corporate profits are calculated as the residual of total national income less the non-profit components of income mentioned above.

III. **Taxes.** The model tracks personal, corporate, payroll, and excise taxes separately. Tax revenues are simultaneously forecast as the product of the rate and the associated pre-tax income components. The model automatically adjusts the effective average personal tax rate for variations in inflation and income per household, and the effective average corporate rate for credits earned on equipment, utility structures, and R&D. State taxes are fully endogenous, except for corporate profits and social insurance tax rates.

IV. **International.** The international sector can either add or divert strength from the central flow of domestic income and spending. Imports' ability to capture varying shares of domestic demand depends on the prices of foreign output, the U.S. exchange rate, and competing domestic prices. Exports' portion of domestic spending depends on similar variables and the level of world gross domestic product. The exchange rate itself responds to international differences in inflation, interest rates, trade deficits, and capital flows between the U.S. and its competitors. Investment income flows are also explicitly modeled.

V. **Financial.** The Global Insight model includes a highly detailed financial sector. Several short- and long-term interest rates are covered in this model, and they are the key output of this sector. The short-term rates depend upon the balance between the demand and supply of reserves in the banking system. The supply of reserves is the primary exogenous monetary policy lever within the model, reflecting the Federal Reserve's open market purchases or sales of Treasury securities. Longer-term interest rates are driven by shorter-term rates as well as factors affecting the slope of the yield curve. These factors include inflation expectations, government borrowing requirements, and corporate finance needs.

VI. **Inflation.** Inflation is modeled as a controlled, interactive process involving wages, prices, and market conditions. The principal domestic cost influences are labor compensation, nonfarm productivity, and foreign input costs that later are driven by the exchange rate, the price of oil, and foreign wholesale price inflation. This set of cost influences drives each of the industry-specific producer price indexes, in combination with a demand pressure indicator and appropriately weighted composites of the other producer price indexes.

VII. **Supply.** In this model, aggregate supply (or potential GNP), is estimated by a Cobb-Douglas production function that combines factor input growth and improvements to total factor productivity. Factor input equals a weighted average of labor, business fixed capital, and energy. Factor supplies are defined by estimates of the full employment labor force, the full employment capital stock net of pollution abatement equipment, the domestic production of petroleum and natural gas, and the stock of infrastructure. Total factor productivity depends upon the stock of research and development capital and trend technological change.

VIII. **Expectations.** Expectations impact several expenditure categories in the model, but the principal nuance relates to the entire spectrum of interest rates. Shifts in price expectations or the expected government capital needs influences are captured directly in this model through price expectations and budget deficit terms. The former impacts all interest rates and the latter impacts intermediate- and long-term rates. On the expenditure side, inflationary expectations impact consumption via consumer sentiment, while growth expectations affect business investment.

THE IDAHO ECONOMIC MODEL

The Idaho Economic Model (IEM) is an income and employment based model of Idaho's economy. The Model consists of a simultaneous system of linear regression equations, which are estimated using quarterly data. The primary exogenous variables are obtained from the Global Insight U.S. Macroeconomic Model. Endogenous variables are forecast at the statewide level of aggregation.

The focal point of the IEM is Idaho personal income, which is given by the identity:

personal income = wage and salary payments + other labor income + farm proprietors' income + nonfarm proprietors' income + property income + transfer payments - contributions for social insurance + residence adjustment.

With the exception of farm proprietors' income and wage and salary payments, each of the components of personal income is estimated stochastically by a single equation. Farm proprietors' income and wage and salary payments each comprise submodels containing a system of stochastic equations and identities.

The farm proprietor sector is estimated using a highly-aggregated submodel consisting of equations for crop marketing receipts, livestock marketing receipts, production expenses, inventory changes, imputed rent income, corporate farm income, and government payments to farmers. Farm proprietors' income includes inventory changes and imputed rent, but this component is netted out of the tax base.

At the heart of the IEM is the wage and salary sector, which includes stochastic employment equations for 23 North American Industry Classification System employment categories. Conceptually, the employment equations are divided into basic and domestic activities. The basic employment equations are specified primarily as functions of national demand and supply variables. Domestic employment equations are specified primarily as functions of state-specific demand variables. Average annual wages are estimated for several broad employment categories and are combined with employment to arrive at aggregate wage and salary payments.

The demographic component of the model is used to forecast components of population change and housing starts. Resident population, births, and deaths are modeled stochastically. Net migration is calculated residually from the estimates for those variables. Housing starts are divided into single and multiple units. Each equation is functionally related to economic and population variables.

The output of the IEM (i.e., the forecast values of the endogenous variables) is determined by the parameters of the equations and the values of exogenous variables over the forecast period. The values of equation parameters are determined by the historic values of both the exogenous and endogenous variables. IEM equation parameters are estimated using the technique of ordinary least squares. Model equations are occasionally respecified in response to the dynamic nature of the Idaho and national economies. Parameter values for a particular equation (given the same specification) may change as a result of revisions in the historic data or a change in the time interval of the estimation. In general, parameter values should remain relatively constant over time, with changes reflecting changing structural relationships.

While the equation parameters are determined by structural relationships and remain relatively fixed, the forecast period exogenous variable values are more volatile determinants of the forecast values of

endogenous variables. They are more often subject to change as expectations regarding future economic behavior change, and they are more likely to give rise to debate over appropriate values. As mentioned above, the forecast period values of exogenous variables are primarily obtained from Global Insight's U.S. macroeconomic model.

Since the output of the IEM depends in large part upon the output of the Global Insight model, an understanding of the Global Insight model, its input assumptions, and its output is useful in evaluating the results of the IEM's forecast. The assumptions and output of the Global Insight model are discussed in the National Forecast section.

IDAHO ECONOMIC MODEL

EEA_ID = EEA_ID_GOODS + EEA_ID_NONGOODS

EEA_ID_2100 = 6690.890 + 55.951*ID0IP2122_2123 – 4838.485*(JULCNF/WPI10) – 36.175*(IPSG21/ENRM21) + 7.797*TREND

EEA_ID_2300 = -7740.038 + 333.604*TREND + 31.234*ID0HSPRS1_A + 26.772*ID0HSPRS1_A(-1) + 22.310*ID0HSPRS1_A(-2) + 17.848*ID0HSPRS1_A(-3) + 13.386*ID0HSPRS1_A(-4) + 8.924*ID0HSPRS1_A(-5) + 4.462*ID0HSPRS1_A(-6)

EEA_ID_3110 = 17288.310 + 50.079*(MOVAV(IPSG311,8)) – 47.231*TREND

EEA_ID_3230 = 336.016 + 27.225*(MOVAV(IPSG323,8)) – 6.449*TREND

EEA_ID_3250 = 2689.414 + 16.006*(MOVAV(IPSG3253(-1),4)) – 1923.583*DUM951ON

EEA_ID_3320 = -842.056 + 49.361*(MOVAV(IPSG332,2)) – 1184.206*(JULCNF/WPI10) + 5.652*TREND

EEA_ID_3330 = 462.958 + 29.764*IPSG333 –2.283*TREND

EEA_ID_3340 = 28735.920 + 28.172*IPSG3341 – 15872.170*JEXCHMTPREAL

EEA_ID_4200 = 7372.778 + 0.247*EEA_ID_44_45

EEA_ID_44_45 = 23851.350 + 155.966*(MOVAV(YPADJ_ID,4)/MOVAV(JPC,4))

EEA_ID_48_49_22 = -8871.980 + 0.782*EEA_ID_4200+ 6174.703*ID0NPT

EEA_ID_5100 = -6622.770 + 44.241*(MOVAV(IPSN51112T9,6)) + 37.087*(MOVAV(IPSG51111,4)) + 5515.762*ID0NPT

EEA_ID_52_53 = -13696.590 – 6340.342*DUM981ON + 2181.548*(DUM9801004*MOVAV(SP500/SP500(-2),2)) + 103.500*ID0KHU

EEA_ID_54_55_56 = -36286.220 + 152.205*YPADJ_ID/JPC + 202.575*(MOVAV(RADR,8))

EEA_ID_61_62 = -27139.380 + 26356.020*ID0NPT + 153.178*YPADJ_ID/JPC

EEA_ID_71_72 = -46685.540 + 118291.200*ID0NPT-436.482*TREND

EEA_ID_8100 = 1901.703 + 50.064*(MOVAV(YPADJ_ID,2)/MOVAV(JPC,2)) +1297.842*DUM931964

EEA_ID_DMANU = EEA_ID_WOOD + EEA_ID_3320 + EEA_ID_3330 + EEA_ID_3340 + EEA_ID_MFDNEC

EEA_ID_GOODS = EEA_ID_MANU + EEA_ID_2300 + EEA_ID_2100

EEA_ID_GV = EEA_ID_GVSL + EEA_ID_GVF

EEA_ID_GVF = -3586.395 + 1246349.000*(EGF*(ID0NPT/N)) + 6.961*TREND

EEA_ID_GVSL = EEA_ID_GVSLAD + EEA_ID_ GVSLED

EEA_ID_GVSLAD = -4758.468 + 34143.960*(ID0NPT*((N-N16A)/N)) + 0.293*(MOVAV(ID0YPTXB(-4),4))

EEA_ID_GVSLED = 9952.333 + 55308.320*(ID0NPT*((N-N16A)/N)) +0.888*(MOVAV(ID0YPTXB(-4),2))

EEA_ID_MANU = EEA_ID_DMANU + EEA_ID_NMANU

EEA_ID_MFDNEC = -3921.289 + 115.660*(MOVAV(ID0IPMFDNEC,2))

EEA_ID_MFNNEC = 897.339 + 1.328*(CNCSR+CNOOR) + 26.083*(MOVAV(IPSG322,2))

EEA_ID_NMANU = EEA_ID_3110 + EEA_ID_3230 + EEA_ID_3250 + EEA_ID_MFNNEC

EEA_ID_NONGOODS = EEA_ID_SV + EEA_ID_4200 + EEA_ID_44_45 + EEA_ID_GV

EEA_ID_SV = EEA_ID_48_49_22 + EEA_ID_5100 + EEA_ID_52_53 + EEA_ID_54_55_56 + EEA_ID_61_62 + EEA_ID_71_72 + EEA_ID_8100

EEA_ID_WOOD = 12932.120 + 126.954*(MOVAV(IPSG321,2)) – 8707.836*(JULCNF/WPI08) – 77.701*TREND

ID0AHEMF = -10.612 + 19.721*(EEA_ID_DMANU(-1)/EEA_ID_MANU(-1)*JULCNF) + 24.707*(EEA_ID_NMANU(-1)/EEA_ID_MANU(-1)*JULCNF)

ID0CRCROP = -907492.600 + 0.013*CRCROP + 1358076.000*WPI01

ID0CRLVSTK = -283517.700 + 0.036*CRCATCVS + 539697.700*WPI01

ID0EXFP = -117243.400 + 1211161.000*WPI01 + 17837.650*TREND

ID0HSPR = ID0HSPRS1_A + ID0HSPRS2A_A

ID0HSPRS1_A = -17.465 –1.048*(RMMTGEXIST-MOVAV(RMMTGEXIST(-1),4)) + 116.290*(MOVAV(ID0NPT(-1),4)-MOVAV(ID0NPT(-5),4)) + 0.059*ID0KHU(-1)

ID0HSPRS2A_A = 2.201 + 37.511*(MOVAV(ID0NPT(-1),4)-MOVAV(ID0NPT(-5),4)) –
0.119*(MOVAV(RMMTGEXIST,4)) – 0.004*TREND

ID0KHU = ID0KHU1 + ID0KHU2A

ID0KHU1 = ((0.997)^0.25) * ID0KHU1(-1) + ID0HSPRS1_A / 4

ID0KHU2A = ((0.997)^0.25) * ID0KHU2A(-1) + ID0HSPRS2A_A / 4

ID0NB = -8.322 + 36.508*ID0NPT – 0.152*TREND

ID0ND = 0.924 + 5.740*ID0NPT + 0.009*TREND

ID0NMG = 4 * D(ID0NPT) - (ID0NB - ID0ND) / 1000

ID0NPT = 0.672 + 0.005*TREND

ID0WBB$ = ID0WBBMF$ + ID0WBBOTH$ + ID0WBBCC$ + ID0WBBF$ + ID0WBBMIL$

ID0WBBCC$ = (ID0WRWCC$ * EEA_ID_2300) / 1000000

ID0WBBF$ = -86.677+ 270.857*WPI02

ID0WBBMF$ = (ID0WRWMF$ * EEA_ID_MANU) / 1000000

ID0WBBMIL$ = 14.948 + 277.494*((ID0NPT/N)*GFMLCWSS)

ID0WBBOTH$ = ID0WRWOTH$ * (EEA_ID - EEA_ID_2300 - EEA_ID_MANU) / 1000000

ID0WRWCC$ = 4370.492 + 1877.931*ID0AHEMF

ID0WRWMF$ = 109.148 + 2798.506*ID0AHEMF

ID0WRWOTH$ = -5738.187 + 2279.114*ID0AHEMF

ID0YDIR$ = -63.443 + 1.056*((YPAINT+ZADIV+YPRENTADJ)*MOVAV(ID0YP$(-1),4)/MOVAV(YP(-1),4))

ID0YFC$ = -9000.397 + 0.969*ID0YFC$(-1) + 15620.48*WPI01

ID0YINV_R$ = -27327.48 + 0.846*ID0YINV_R$(-1) + 53333.63*WPI01

ID0YP = ID0YP$ / JPC*100

ID0YP$ = ID0WBB$ + ID0YSUP$ + ID0YDIR$ + ID0YPRNF$ + ID0YPRF$ + ID0YTR$ + ID0YRA$ - ID0YSI$

ID0YP$PC = ID0YP$ / ID0NPT

ID0YPNF = ID0YPNF$ / JPC*100

ID0YPNF$ = ID0YP$ - ID0YPRF$ - ID0WBBF$

ID0YPNFPC = ID0YPNF$ / JPC*100 / ID0NPT

ID0YPPC = ID0YP / ID0NPT

ID0YPRF$ = 111.897 + 0.191*((ID0CRCROP+ID0CRLVSTK+ID0YTRF$+ID0YINV_R$-ID0YFC$-ID0EXFP)/1000) + 3.329*TREND

ID0YPRNF$ = 70.422 + 4.288*YENTNFADJ

ID0YPTXB = (ID0WBB$ + ID0YPRNF$ + ID0YDIR$ + (ID0YPRF$ - ID0YINV_R$ / 1000)) / JPC*100

ID0YRA$ = -85.179 + 0.035*ID0WBB$

ID0YSI$ = -32.482 + 2.291*(TXSIEC*ID0WBB$/YPCOMPWSD)

ID0YSUP$ = -51.236 + 1.699*(YPCOMPSUPPAI*(ID0WBB$/YPCOMPWSD))

ID0YTR$ = -5.074 + 840.999*((YPTRFGF+YPTRFGSL)*(ID0NPT/N))

ID0YTRF$ = 18282.820 + 0.011*TRF$

IDWAGE = (ID0WBB$ - ID0WBBF$ - ID0WBBMIL$) / EEA_ID * 1000000

YPADJ_ID = ID0YPNF$ + MOVAV(ID0YPRF$, 4) + MOVAV(ID0WBBF$, 4)

ENDOGENOUS VARIABLES

EEA_ID	Employment on nonagricultural payrolls, total
EEA_ID_2100	Employment in mining
EEA_ID_2300	Employment in construction
EEA_ID_3110	Employment in food processing
EEA_ID_3230	Employment in printing
EEA_ID_3250	Employment in chemicals
EEA_ID_3320	Employment in fabricated metal products
EEA_ID_3330	Employment in machinery
EEA_ID_3340	Employment in computers and electronic products
EEA_ID_4200	Employment in wholesale trade
EEA_ID_44_45	Employment in retail trade
EEA_ID_48_49_22	Employment transportation, warehousing, and utilities
EEA_ID_5100	Employment in information
EEA_ID_52_53	Employment in finance, insurance, and real estate
EEA_ID_54_55_56	Employment in professional, scientific, and technical services
EEA_ID_61_62	Employment in health care and educational services
EEA_ID_71_72	Employment in leisure and hospitality
EEA_ID_8100	Employment in other services
EEA_ID_DMANU	Employment in durable goods manufacturing
EEA_ID_GOODS	Employment in goods producing
EEA_ID_GV	Employment in government
EEA_ID_GVF	Employment in federal government
EEA_ID_GVSL	Employment in state and local government
EEA_ID_GVSLAD	Employment in state and local government, administration
EEA_ID_GVSLED	Employment in state and local government, education
EEA_ID_MANU	Employment in manufacturing
EEA_ID_MFDNEC	Employment in other durable manufacturing
EEA_ID_MFNNEC	Employment in other nondurable manufacturing
EEA_ID_NMANU	Employment in nondurable manufacturing
EEA_ID_NONGOODS	Employment in non-goods producing
EEA_ID_SV	Employment in services
EEA_ID_WOOD	Employment in wood products and logging
ID0AHEMF	Average hourly earnings in manufacturing
ID0CRCROP	Cash receipts, crops, not seasonally adjusted
ID0CRLVSTK	Cash receipts, livestock, not seasonally adjusted
ID0EXFP	Farm production expenses
ID0HSPR	Housing starts, total
ID0HSPRS1_A	Adjusted housing starts, single units
ID0HSPRS2A_A	Adjusted housing starts, multiple units
ID0KHU	Housing stock, total
ID0KHU1	Housing stock, single units
ID0KHU2A	Housing stock, multiple units
ID0NB	Number of births
ID0ND	Number of deaths
ID0NMG	Net in-migration of persons
ID0NPT	Resident population

ID0WBB$	Wage and salary disbursements
ID0WBBCC$	Wage and salary disbursements, construction
ID0WBBF$	Wage and salary disbursements, farm
ID0WBBMF$	Wage and salary disbursements, manufacturing
ID0WBBMIL$	Wage and salary disbursements, military
ID0WBBOTH$	Wage and salary disbursements, except farm, manufacturing, and construction
ID0WRWCC$	Average annual wage, construction
ID0WRWMF$	Average annual wage, manufacturing
ID0WRWOTH$	Average annual wage, except manufacturing, construction, and farm
ID0YDIR$	Dividend, interest, and rent income
ID0YFC$	Corporate farm income
ID0YINV_R$	Farm inventory value changes, imputed rent, and income
ID0YP	Total personal income, 2000 dollars
ID0YP$	Total personal income
ID0YP$PC	Per capita personal income
ID0YPNF	Nonfarm personal income, 2000 dollars
ID0YPNF$	Nonfarm personal income
ID0YPNFPC	Per capita nonfarm income, 2000 dollars
ID0YPPC	Real per capita personal income
ID0YPRF$	Net farm proprietors' income
ID0YPRNF$	Nonfarm proprietors' income
ID0YPTXB	Tax base, 2000 dollars
ID0YRA$	Residence adjustment, personal income
ID0YSI$	Contributions for social insurance
ID0YSUP$	Other labor income
ID0YTR$	Transfer payments to persons
ID0YTRF$	Government payments to Idaho farmers
IDWAGE	Average annual wage
YPADJ_ID	Adjusted total personal income

EXOGENOUS VARIABLES

CNCSR	Personal consumption expenditures, clothing and shoes, 2000 dollars, chain weighted
CNOOR	Personal consumption expenditures, other nondurable goods, 2000 dollars, chain weighted
CRCATCVS	Cash receipts, U.S. cattle and calves
CRCROP	Cash receipts, U.S. crops

DUM931964 DUM951ON DUM98011004 DUM981ON TREND	These are dummy variables used in regression equations for the purpose of capturing the impacts of discrete economic or non-economic event such as strikes, plant opening, or closures, unusual weather conditions, etc.

EG91	Employment in federal government
ENRM21	Employment in mining
GFMLCWSS	Federal government defense personnel outlays
ID0IP2122_2123	Industrial production index, metal and nonmetal ore mining, 1997=100.0
ID0IPMFDNEC	Industrial production index, other nondurable goods, 1997=100.0
IPSG21	Industrial production index, mining, 1997=100.0
IPSG311	Industrial production index, food, 1997=100.0
IPSG321	Industrial production index, wood products, 1997=100.0
IPSG322	Industrial production index, paper, 1997=100.0
IPSG323	Industrial production index, printing, 1997=100.0
IPSG3253	Industrial production index, agricultural chemicals, 1997=100.0
IPSG332	Industrial production index, fabricated metal products, 1997=100.0
IPSG333	Industrial production index, machinery, 1997=100.0
IPSG3341	Industrial production index, computer and peripheral equipment, 1997=100.0
IPSG51111	Industrial production index, newspaper publishing, 1997=100.0
IPSN51112T9	Industrial production index, other publishing, 1997=100.0
JEXCHOITPREAL	Real US trade-weighted exchange rate with other important trading partners
JPC	Implicit price deflator, personal consumption, 2000=100.0, chain weighted
JULCNF	Index of unit labor costs, nonfarm business sector, 1992=1.0
N	Population, U.S.
NP16	Population, U.S., aged 16 and older
RADR	Real research and development spending, 2000 dollars, chain weighted
RMMTGEXIST	Effective conventional mortgage rate, existing homes, combined lenders
SP500	Standard & Poor's 500 index of common stocks
TRF$	Government payments to U.S. farms
TXSIEC	Personal contributions for social insurance, U.S.
WPI01	Producer price index, farm products, 1982=1.0
WPI02	Producer price index, processed foods and feeds, 1982=1.0
WPI08	Producer price index, lumber and wood products, 1982=1.0
WPI10	Producer price index, metals and metal products, 1982=1.0

YP	Personal income
YPAINT	Personal interest income
YPCOMPSUPPAI	Other labor income, U.S.
YPCOMPWSD	Wage and salary disbursements
YPPROPADJNF	Nonfarm proprietors' income (with inventory valuation and capital consumption adjustments)
YPRENTADJ	Rental income of persons with capital consumption adjustment
YPTRFGF	Federal transfer payments to individuals
YPTRFGSL	State and local transfer payments to individuals
ZADIV	Dividends